

Agenda



- History of Employer Pickup
- Employee Groups
- Pickup Plan Types
- Financial Impact
- Required Forms
- Additional Tools



### **History of Employer Pickup**

- What is employer pickup?
  - In 1983, the IRS issued an opinion that allowed member contributions to be withheld on a tax-deferred basis
- What are the rules?
  - Adopt a plan
  - No retroactive plans



3

### **Employee Groups**

Three recognized employee groups in K-12 or colleges and universities

- Superintendents or presidents
- Administrators or administrative faculty
- Teachers or teaching faculty



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## Pickup Plan Types

Comparing types of pickup

Plan Types:	Salary Reduction Pickup	Fringe Benefit Pickup Not Included in Compensation	Fringe Benefit Pickup Included in Compensation (Pickup-on-Pickup)
How does it work?	Member's salary reduced by the amount of member contributions and employer remits pretax	Employer agrees to pay member's pretax contributions	Employer agrees to pay member's pretax contributions and considers the payment as compensation for retirement purposes
Who funds member contributions?	Member	Employer funds all or a portion	Employer funds all or a portion
What's the benefit to the member?	Reduced gross income for state and federal tax purposes	Further compensates employee without reducing gross income for tax purposes	Further compensates employee without reducing gross income for tax purposes <b>and</b> increases income for retirement purposes
Groups?*	Teachers	Administrators	Superintendents/Administrators

<sup>\*</sup>While any group or individual can have any type of pickup plan, generally districts tend to grant these types of pickup to the identified groups of employees.



5

## Pickup Plan Types

Comparing pickup plan types by the dollar

Plan Types:	Salary Reduction Pickup	Fringe Benefit Pickup <i>Not</i> Included in Compensation	Fringe Benefit Pickup Included in Compensation (Pickup-on-Pickup)
Base contract	\$70,000	\$70,000	\$70,000
Member contribution due (\$70,000 x 14%)	\$9,800	\$9,800	\$9,800 + (14% of \$9,800)
Federal state & federal income	\$60,200	\$70,000	\$70,000
Compensation for STRS Ohio purposes	\$70,000	\$70,000	\$79,800

\$9.800 + \$1.372 = \$11.172



## Financial Impact

Financial impact on a member and a district

Plan Types:	Salary Reduction Pickup	Fringe Benefit Pickup <i>Not</i> Included in Compensation	Fringe Benefit Pickup <i>Included</i> in Compensation (Pickup-on-Pickup)
Base contract amount	\$70,000	\$70,000	\$70,000
Compensation for STRS Ohio purposes	\$70,000	\$70,000	\$79,800
Member contribution due (14%)	\$9,800	\$9,800	\$11,172
Employer contribution due (14%)	\$9,800	\$9,800	\$11,172
Total contributions due from employer	\$9,800	\$19,600	\$22,344

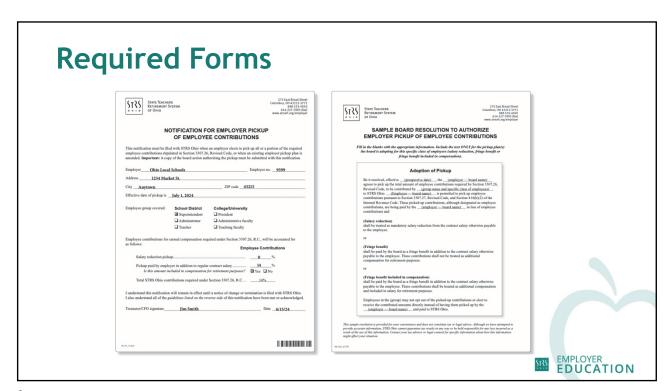
EDUCATION

7

## **Required Forms**

- Notification for Employer Pickup of Employee Contributions
- Certified copy of school board resolution





9

#### **Additional Tools** Pickup-on-Pickup Calculator Fringe Benefit Pickup Plan Types: Per Pay Included in Compensation (Pickup-on-Pickup) Base contract amount \$70,000 ÷ 26 = \$2,692.31 \$70,000 Compensation for STRS Ohio purposes \$79,800 Member contribution due (14%) \$11,172 ÷ 26 = \$429.69 \$11,172 Employer contribution due (14%) \$11,172 Total contributions due from employer \$22,344 EMPLOYER EDUCATION

### **Additional Tools**

#### Pickup Plan Information

- Log in to Employer Self Service (ESS)
- Click on "Pickup Plan Information" under Additional Tools

Group Covered	Pickup Plan Type	Pickup Percent	Effective Date	
Administrators	Salary Reduction	14	07/01/2016	
Superintendents	Pickup-on-Pickup	14	07/01/2016	
Teachers	Salary Reduction	14	07/01/2016	

11

## **Questions?**

#### We're here to assist you

• Send an email: report@strsoh.org

• Call toll-free: 888-535-4050

• Visit our website: www.strsoh.org/employer



### Thank You!

- This webinar will be available in the Education & Training section of the employer website
- Certificates of completion will be emailed within two weeks
- Please complete evaluation form

