

What to do When Engaging the Services of an Independent Contractor

Effective immediately, the Portal application for the OPERS form PEDACKN should no longer be used.

Below is background information about the PEDACKN as well as another potentially required form, SR-6, when dealing with re-employed retirees as independent contractors.

*This does not impact the W-9/W-8 portal application which still needs to be used for the Auditor's Office Accounts Payable Dept. to receive the proper information.

There are specific requirements for OPERS public employers, such as Franklin County, when engaging the services of an OPERS or other Ohio retirement system benefit recipient as an independent contractor.

-What do I need to do as the office/agency that is engaging the services of an independent contractor?

-In all cases, OPERS form PEDACKN (independent contractor/worker acknowledgement) must be completed in its entirety and mailed/inner-officed to the Franklin County Auditor's Office Fiscal Dept., Attn: Payroll Supervisor.

-The independent contractor needs to pay particular attention to the box in Step 1 titled 'I am an OPERS or other retirement system benefit recipient'. Below is an image of Step 1 on the PEDACKN.

-Encourage the independent contractor who checks the 'I am an OPERS or other retirement system benefit recipient' to contact the retirement system they are receiving a benefit from to see what impacts there might be to their specific retirement account. For an OPERS retiree, their general number is 1-800-222-7377.

This form is to be completed if you are an individual who begins providing personal services to a public employer on or after Jan. 7, 2013 but are not considered by the public employer to be a public employee (e.g., you are an independent contractor) and will not have contributions made to OPERS. This form must be completed not later than 30 days after you begin providing personal services to the public employer.

STEP 1: Personal Information

Social Security Number

Date of Birth

Month

Day

Year

First Name

MI

Last Name

Name of Current Employer

☐

I am an OPERS or other retirement system benefit recipient

-If you find that the individual is a retiree from an 'other' Ohio system (see above image) please also complete OPERS form SR-6 (Notice of Re-employment or Contract Services). Steps 1 and 2 should be completed by the office/agency.

Instructions for SR-6:

-In Step 2, select NO for “Contributions will be withheld and remitted” since the person is considered an independent contractor.

STEP 2: Employment Information

Beginning date of re-employment: / /

Contributions will be withheld and remitted: ☐ Yes ☐ No

Title

-In Step 2 on Page 2, select option 2 for “A benefit recipient hired under a personal service contract as an independent contractor”.

STEP 2: Employment Information Continued

- ☐ 1. A benefit recipient hired as a public employee, including a contract employee.
- ☐ 2. A benefit recipient hired under a personal service contract as an independent contractor.

In all cases of doubt, the OPERS Board shall determine whether any person is a public employee, and its decision is final. An independent contractor is not a public employee and shall not become a contributor to the retirement system. Independent contractors are not included on the employer's payroll and receive a Form 1099-MISC for income tax reporting purposes.

An individual who is re-employed in any capacity other than an independent contractor is not eligible to receive monthly health care allowances to or reimbursements from the OPERS Health Reimbursement Arrangement (HRA) or the OPERS Retiree Medical Account (RMA) while re-employed.

To the extent an employer improperly classifies the benefit recipient as an independent contractor on this form, and the benefit recipient receives (1) a monthly retirement benefit from the retirement system, or (2) a monthly allowance to or reimbursements from the OPERS HRA or the OPERS RMA, the employer and/or the individual may be liable to OPERS and/or the applicable plan(s) for any amounts incorrectly credited or paid under the plan(s) and the employer may also be liable to OPERS for any unpaid employee or employer contributions to the retirement system.

-Leave Steps 3 and 4 blank. These will be completed by the Franklin County Auditor's Fiscal Payroll Dept.

-When does the PEDACKN and/or SR-6 need to be completed and sent to the Franklin County Auditor's Fiscal Dept?

No later than 30 days after personal services began. If the Independent Contractor is a retiree and the period of service starts late in a month, please contact the Auditor's Fiscal Payroll Dept. as soon as possible. See PEDACKN instructions area and ORC 145.38(B)(2).

-Who are the 'other' Ohio retirement systems?

STRS (State Teachers)

SERS (School Employees)

OP&F (Ohio Police & Fire)

HPRS (Ohio Highway Payroll)

CRS (City of Cincinnati)

- Why does OPERS need this information for independent contractors?

There are potential impacts to the retiree's monthly pension and/or healthcare coverage with OPERS (ORC 145.38(B)(6)). Completion of these forms are required.

Summary

-The PEDACKN form must be completed by independent contractors and submitted to the Auditor's Fiscal Payroll Dept.

-If the contractor is receiving a pension from OPERS, they need to check the box in Step 1 of the PEDACKN.

-If the contractor is receiving a pension from *another* Ohio pension system (see above), they need to check the box in Step 1 of the PEDACKN.

-If the contractor is receiving a pension from *another* Ohio pension system, Step 1 and 2 of the SR-6 only need to be completed. 3 and 4 will be completed by the Auditor's Fiscal Payroll Dept. upon receipt.

-Send the paper PEDACKN and in some cases the paper SR-6 to the attention of the Franklin County Auditor Fiscal Dept within 30 days the contractor began services. If services began late in a month, submit as soon as possible.