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STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

February 16, 2012

To: State and County Personnel and Payroll Offices

From: Wesley K. Machida, Administrator *Wesley K. Machida*

Subject: Retirement Group and Class Code Tables (January 1, 2012 Revised)

The purpose of this memorandum is to inform you that the Employees' Retirement System (ERS) has updated our Group and Class Code tables to be effective July 1, 2012. These codes are critical in identifying each employee's employment category for pension eligibility and benefit computation as well as determining our actuarial assessment for employer funding.

These tables are available on our website at <http://www4.hawaii.gov/ers> under Publications. Our tables provide you with a comprehensive list of the ERS enrollment group and class codes for your employees, the applicable employer/employee deduction rates under all three retirement plans (Hybrid, Contributory, and Noncontributory), and the applicability of Social Security/Medicare taxes on employee's wages. In addition, we have included a "Quick Reference Guide" to assist you with the coding process. Below is a summary of our tables:

- Group/Class Code Tables

Table 1: ERS eligible employees hired prior to July 1, 2012

Table 2: ERS eligible employees hired after June 30, 2012

Table 3: Employees not eligible for ERS membership

- 2-digit Group Code and Class Code

After June 30, 2012: **the ERS will no longer accept the 1-digit codes.** The previous 1-digit group and class codes were expanded to 2 digits effective July 1, 2009. At that time, our file layouts were defined with the expanded fields. (The class code field consists of 2 alpha-numeric bytes and the group code field consists of 2 numeric bytes.) If you have not already: Payroll and personnel agencies will need to implement the 2-digit group and class codes to comply with Act 41, Session Laws of Hawaii 2008 regarding Section 88-103.7, Hawaii Revised Statutes (HRS).



Employees' Retirement System
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As a reminder: Section 88-103.7, HRS, became effective July 1, 2010, and authorizes the ERS to specify the format by which employers must transmit information to the ERS. This provision allows the ERS to require information concerning payroll and personnel transactions to be provided to the ERS electronically, with a breakdown according to pay periods and purpose of payments such as bonuses, salary adjustments, payment for compensatory time, and workers' compensation. The 2-digit group and class codes with the new file format are included in these standard requirements.

- Types of Employees/Revised Group Codes

We have added more specific information regarding the appropriate codes to be used when hiring, transferring or re-hiring employees, including retirants. Employees within each group have been subdivided into detailed categories (i.e., 10-month vs. 12-month employees, Police Officers vs. Firefighters, etc.). Due to differing benefit requirements, some groups have been further defined by their hire dates or re-hire dates. This breakdown will assist the ERS in identifying the types of retirees.

- Social Security/Medicare Tax Codes

For payroll reporting purposes, the applicability of the Social Security tax codes and Medicare tax codes have been included.

We realize that these tables are extensive, detailed and attempt to cover various situations. Therefore, we will be conducting informational sessions to specifically review the Retirement Group and Class Code tables, the Reference Guide for Revised Group Codes and Class Codes and to address your questions

Effective July 1, 2012, the ERS will be taking a more prominent role in the enrollment process by identifying the correct class codes for your new and returning employees. Procedures will be forthcoming to simplify the overall enrollment process.

Should you have any questions regarding the Group and Class Code tables and enrollment process, please contact Martin Mori, Program Specialist, at 586-1790 or Karl Kaneshiro, Retirement Benefit Manager, at 586-1649.

For questions related to the Social Security and Medicare coverage, you may contact Darrick Tokuda, Accountant, at 586-1722 or Larry Wolfe, Accounting Manager, at 586-1728.