Employees' Retirement System of the State of Hawaii

ERS Employer Update
August 21, 2018

Agenda

- Welcome / Introduction
- 2018 ERS Legislative Update
- Act 87 / SLH 2015 (HRS Section 88-103.7)
- Payroll and Personnel Files and Technical Support
- Reminders
- Questions/Discussion

ERS Related Legislation

- Act 19/SLH 2018 (HB 2336) – Advance payment of Employer Contributions
- Act 30/SLH 2018 (HB 2341) – Hawaii Domestic Relations Orders
- Act 69/SLH 2018 (SB 2766) – Service-Connected Disability and Accidental Death Benefits for ERS Members
- Act 70/SLH 2018 (SB 2767) – Repeal of Purchase of Service by Payroll Deduction

Act 87/2015 – Employer Reporting

HRS Section 88-103.7

- State and Counties to furnish payroll and personnel transactions to the ERS in required format by 7/1/2020
- Penalty imposed for noncompliance after 6/30/2020
- ERS to monitor progress and report to B&F and the Legislature through 2020
- Previous Reports on ERS website: http://ers.ehawaii.gov

Payroll File – Work Reports

- Payroll File Layout – 600 byte V2
- Adjustment files can now include missing payroll, not just corrections
- Include ERS compensation paid outside payroll system or off-cycle
- Include only ERS eligible compensation
- Report under correct earning periods and ERS pay breakdowns
- Timely salary overpayments/adjustments

Payroll File – Work Reports

▸ Specific file issues:
  ◦ Field 29 – Normal AS Tax Indicator
    • Description: Tax treatment for the Normal AS Contrib Amount
      • Pre-Tax = 01, Post-Tax = 02

    • Workers' Comp Pay is not taxable for federal income tax purposes. Report tax treatment of ERS contribution deduction using appropriate tax indicator, including changes due to reclassification of Reg Pay to WC Pay.

    • Leave Field 29 blank (space filled) if the following calculation matches the tax treatment of the Normal AS contributions being reported
      • Pre-Tax contributions =
        Min(|(([GROSS_PAY] – [WC_PAY]) * [EE CONTR RATE])|, [NORMAL_AS])
      • Post-Tax contributions =
        [NORMAL_AS] – Pre-Tax
      • If calculation does not match tax treatment, report as 2 separate records with appropriate tax indicator

Payroll File – Work Reports

- Specific file issues:
  - Field 27 – Regular Pay and Field 25 – Base Pay

    - **1x, Lump Sum types of payments** – if you determine these meet the definition of compensation (HRS Section 88-21.5) as a normal periodic payment of money for service, the right to which accrues on a regular basis in proportion to the service performed
      - Applies to membership dates before 7/1/2012 and on or after 7/1/2012

    - Any increase in reported Reg Pay (Field 27) due to this payment should also increase Base Pay (Field 25) at the 100% FTE equivalent for that earning period

Payroll File – Work Reports

▸ Payroll Information Template
- ◦ Excel spreadsheet for use in the interim
- ◦ Fields same as 600 byte V2 layout
- ◦ To report additions, breakdowns, adjustments not reported via regular or adjustment files.
- ◦ Template posted to ERS website under
  Employers >> Employers Forms
- ◦ Transmit to ERS via payroll Axway account

	A	B	C	D	E	F	G	
1	SSN	Last Name	First Name	Middle Name	Name Suffix Code	Employer Code	Billing Location Code	
2								
3								
4								
5								
6								
7								

Personnel Interface File (PIF)

- Purpose
  - Electronic personnel information used in conjunction with Payroll information used for pension calculations
  - Confirms breaks, leaves, pay changes, and terminations

- Personnel Conversion Project
  - Loading backlog files

Personnel Interface File (PIF)

▸ File Errors

*999 – cancellations   *991 – corrections

◦ Corrective transactions need to match original action
◦ Blank or null fields

◦ Specific Issues

• Invalid FTE (under 50%), no ERS membership
• Differential code reported but no differential amount
• Termination code reported but last day worked is missing

Personnel Interface File (PIF)

▸ Email ERS for Electronic Reporting Status

  ◦ Send to: dbf.ers.sss@hawaii.gov
    • Subject line: Employer Team

  ◦ Departmental file issues identified by ERS

  ◦ Provide ERS with contact information

Member Enrollment

- Class Code Reports (CCR)
  - Electronic file of ERS eligible hires sent by employers to ERS
    - Method to provide Employers the retirement class code for new hires
    - Employers requests retirement class codes for new and returning members based on ERS records
  - Importance
    - Minimizes miscoding
    - Receives accurate retirement contribution deductions

Member Enrollment

▸ Class Code Reports (CCRs) cont.

- ◦ Method
  - • Requests & responses are made through secure file transfer handled by ERS IT section
  - • ERS provides class codes within 5 business days

Claims for Service – Membership Service

▸ **ERS Membership Service**
   ◦ Only periods prior to membership date
   ◦ Requires personnel appointment & termination documents
   ◦ Professional Improvement, and Military

▸ **Non ERS Membership Service**
   ◦ Temporary appointments of 3 months or less (89 day, emergency, casual hires, etc.)
   ◦ Legislative session hires

Claims for Service – New Form

▸ **EC&B 24 (Claims for Service) &
Form 243 (On-line Information Correction)**

  ◦ Effective September 1, 2018, ERS replacing with the ERS 243

  ◦ EC&B 24 & Form 243 forms should no longer be used

Claims for Service – Cost to Purchase

▶ **Certifications at Actuarial Cost (July 2020)**

ie: Hybrid member purchasing 2 years of service

Current cost to purchase = your contribution rate
◦ **$7,200 cost prior to July 2020**

Cost in July 2020 = actuarial cost
◦ **$56,330 cost after July 2020**

4 ERS Reminders

1) Retiree Return to Work

Position Type	Required Break	Impact to Pension
Non ERS Membership	6 months	None. Pension continues if employed after break.
Difficult to Fill or Labor Shortage	12 months	None. Pension continues if employed after break.
ERS Membership	None	Pension suspended.

4 ERS Reminders

2) Servicemen's Act, HRS Section 88-132

- 2012 ERS memo provides guidelines (see website Employer Tab)

- Departments to initiate the payment process

- No credit until Department makes contribution payment

4 ERS Reminders cont.

3) Disability Retirement
- Advise members to contact ERS
- Worker's Compensation start and end dates are required information

4) Unused Sick Leave (Audited)
- Due within 90 days of Member's close of business
- Must annotate if "not in good standing"

Technical Support

- Contact us to create / modify Axway accounts, passwords, folders, and distribution groups

- Use appropriate Axway accounts and folders to send / retrieve files

Technical Support

Reminders:

▸ Provide us with all necessary data

▸ Complete all required fields; verify values and data types

▸ Unexpected data can be lost or delay processing

▸ Inform ERS of any changes in your payroll / personnel contact information or computer system

▸ Questions: dbf.ers.sss@hawaii.gov

  ◦ Subject Line: Employer Team

Neighbor Island Briefings

- Kauai
  - Wednesday, September 5
  - Kauai State Building, 2nd Floor Conference Room
- Maui
  - Thursday, September 13
  - David K. Trask, Jr. Building, HGEA Conference Room
- Hawaii
  - Tuesday, September 18
  - Aupuni Center, Suite 1

ERS Contact Information

- ERS Website: ers.ehawaii.gov
- Phone: (808) 586-1735
- Online Information
  - Membership Category (Plan)
  - Service Credit
  - Contributions (Hybrid and Contributory)
- Benefits Calculator
- Employer Information
- Group and Class Code Tables
- Email: dbf.ers.sss@hawaii.gov
  - Subject line: "Employer Team"

Questions?

Mahalo!