



## ERS Q&A regarding announced state employee furloughs

**Update:** Gov. Ige announced on Dec. 23 that he is delaying the implementation of furloughs and they will not begin on Jan. 1.

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In an email to all state government employees, Gov. David Ige announced [furloughs](https://governor.hawaii.gov/newsroom/governors-office-news-release-gov-ige-announces-furloughs-for-state-employees-starting-january-1/) (<https://governor.hawaii.gov/newsroom/governors-office-news-release-gov-ige-announces-furloughs-for-state-employees-starting-january-1/>) for most state employees for two days each month starting January 1, 2021.

The impact of a furlough would vary for each ERS member with regards to their retirement pension. ERS pension calculations are primarily based on (1) your membership category (Contributory, Hybrid, Noncontributory), (2) your membership service credit, and (3) your average final compensation. Unless the governor proclaims otherwise, furlough days do not impact your membership service as it is an approved leave; however, your salary will be reduced by two days.

Generally, for members within 3 to 5 years of their retirement, the furlough-reduced salary will not be part of their average final compensation (AFC). For most members, these salaries will be lower than your highest 3 or 5 12-month periods of eligible compensation. As a result, your AFC will already be established prior to December 31, 2020.

### Frequently asked questions

#### **What is the furlough impact on my pension calculation?**

Your average final compensation (AFC) for the High-3 or High-5 years may already be established, and the temporary labor cost reduction salaries may or may not be included in the AFC periods.

#### **Are members able to suspend or stop their retirement contributions?**

No. By law, retirement contributions for Contributory and Hybrid members are a mandatory salary deduction for retirement purposes.

#### **Will the furlough impact any in-service (active) death benefits?**

No. The employee is considered employed. For Hybrid and Contributory plan members, ordinary death benefits will be paid to the designated beneficiary or beneficiaries. For Noncontributory plan members with a minimum of 10 years of service, ordinary death benefits are paid to a surviving spouse and/or reciprocal beneficiary or dependent children.

#### **What happens to my service credit while on furlough?**

There is no impact unless otherwise proclaimed by the governor. If the employee continues to be on "paid status" while on furlough, the pay reduction does not affect the retirement service credit unless the employee initiates leave-without-pay days.