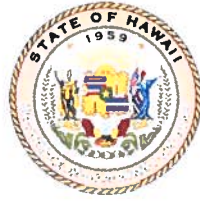


DAVID Y. IGE
GOVERNOR



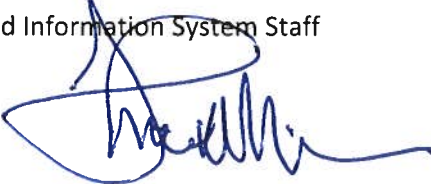
THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

April 22, 2022

TO: State & County Personnel, Payroll, and Information System Staff

FROM: Thomas Williams, Executive Director
Employees' Retirement System 

SUBJECT: Employer Reporting Review Meetings for Compliance with Section 88-103.7, HRS (Act 87, SLH 2015)

In accordance with the provisions of Section 88-103.7, HRS, which require departments and agencies of the State and Counties to provide the ERS with information necessary to compute retirement benefits for their employees, we are requesting a meeting with you (personnel, payroll and information system staff) to review the following:

- A. Review the definition of "compensation" as it pertains to employer reporting of pay to ERS. To ensure that all pay types are being reported accurately and consistently amongst all employers for retirement benefit purposes, ERS will be providing any needed clarification as to those pay types which are eligible for inclusion within the definition of compensation for purpose of ERS contribution and benefit calculation.

For a member who became a member **before** July 1, 2012, compensation for ERS purposes includes the following:

1. Normal periodic payments of money for service. This is to reflect only such pay as is indicated on the employee's salary schedule, plus:
2. Overtime
3. Differentials
4. Supplementary payments
5. Bonuses and lump sum salary supplements
6. Elective salary reduction contributions under sections 125, 403(b), and 457(b) of the Internal Revenue Code of 1986, as amended.

Pay for "allowances" and/or "reimbursements" should not be reported.



Employees' Retirement System
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For a member who becomes a member **after** June 30, 2012, compensation for ERS purposes includes only the following:

1. Normal periodic payments of money for service. This is to reflect only such pay as is indicated on the employee's salary schedule, plus:
2. Shortage differentials
3. Elective salary reduction contributions under sections 125, 403(b), and 457(b) of the Internal Revenue Code of 1986, as amended
4. Twelve-month differentials for employees of the department of education

In addition to the above we will:

- B. Clarify pay types and descriptions being provided to ERS in response to its memo dated May 7, 2019, and discuss the ERS' determination of the "Eligible for ERS Compensation" fields indicated for those pay types and whether such pay conforms with the definition of compensation as included in statute.

Because this is a high priority project, we hope to complete all employer meetings during the month of May.

To schedule your meeting, we ask that you email ERS at dbf.ers.eemployerteam@hawaii.gov and provide three (3) meeting date and time options during May. Note, the meeting will be scheduled for approximately two (2) hours. Please pick dates during which all those at your organization involved in these issues can be present. ERS will contact you to schedule and confirm the meeting date and time.

If your department did not previously provide your pay types in response to the ERS memo dated May 7, 2019, please email ERS at dbf.ers.eemployerteam@hawaii.gov to obtain the Excel spreadsheet on which the requested data is to be entered.

Attachments