

SECTION 327: RETIREMENT CONTRIBUTIONS1. General Comments.

- (a) The Employees' Retirement System (ERS) of the State of Hawaii was established for the purpose of providing retirement benefits for its members after retirement from the employ of the State or any of its four counties. Retirement contributions and benefits are determined by the class of membership and the occupational group type of each eligible employee. The group and class codes are detailed in 4.(b)(1).
- (b) Contributing members are required, under law, to contribute either 6 percent (normal rate) or 10.4 percent (higher rate based on occupational group type) of their compensation to the annuity savings fund and, in addition, 1.8 percent to the post retirement fund or such other rates as may be legally prescribed from time to time. Employees who are members in the noncontributory retirement plan receive lower retirement benefits, because they are not required to make any contributions to the ERS.
- (c) Under certain circumstances, additional retirement contributions are allowed. These circumstances and related procedures are discussed in SECTION 346: ADDITIONAL RETIREMENT AND RETROACTIVE FICA TAX CONTRIBUTIONS.
- (d) Employees Not Eligible Under the Provisions of the Retirement System. Generally, employees who are appointed for a period of three months or less or are working less than 50 percent of FTE are ineligible for retirement membership. For further information, refer to Chapter 88-43 of the Hawaii Revised Statutes and Title VI, Chapter 21, Subchapter 4, of the Rules and Regulations of the Department of Budget and Finance.
- (e) "Your Retirement System", a publication issued by the ERS, furnishes facts and information for the practical application of the provisions of the laws governing the retirement system. Since this booklet is considered to be a general outline of the Hawaii Revised Statutes in this regard, final determination of any particular case is subject to administrative decisions based on the laws, rules, and procedures of the ERS.

- 2. Legal Provisions. The underlying legal base of the Employees' Retirement System is Chapter 88 of the Hawaii Revised Statutes. Section 88-46 authorizes the head of each State department to deduct from the salary of each contributing member under his jurisdiction the percentage of compensation as provided for under Section 88-45.

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3. Form. The Payroll Change Schedule is the form through which an employee's eligibility in the ERS is entered into the payroll system. The Payroll Change Schedule is also used to record changes to an employee's retirement status. Refer to the Appendix for the above form and its related instructions.
4. Procedures.
 - (a) The General Statutory Deduction Procedures as presented in SECTION 320: STATUTORY DEDUCTIONS are followed in processing retirement contribution application, changes, or cancellation of assignments. Exceptions to the General Statutory Deduction Procedures are described in 4(b).
 - (b) Departments.
 - (1) Departmental personnel responsible for processing the Payroll Change Schedules must indicate, in the space provided thereon, the employee's retirement status by using the following alphanumeric codes:

Group Codes

 - 1 - General employees of the State
 - 2 - Teachers, including University of Hawaii professors, instructors, lecturers, etc.
 - 3 - General employees of the Counties
 - 4 - Police officers and firefighters
 - 5 - Judges (Circuit, Appellate and Supreme Courts only; District Court judges are excluded)
 - 6 - Elected officials (excludes members of the Board of Education or trustees of the Office of Hawaiian Affairs)
 - 7 - Certain County sewer workers as defined in Chapter 88-21
 - 8 - Adult corrections officers, investigators of the attorney general's and public prosecutor's offices
 - N - Not eligible for membership in the ERS
 - C - Sabbatical retirement buyback

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<u>FICA Class Codes</u>	<u>Retirement</u>		<u>FICA</u>	<u>Medicare</u>
	<u>Wages</u>	<u>Deductions</u>		
A - Member of contributory retirement plan	x	x	x	-
B - "Old" Class B member of contributory retirement plan without Social Security or Medicare (police officers and firefighters on March 31, 1986 payroll, members who previously elected not to join Social Security, employees with J-1 or F-1 visas, etc.)	x	x	-	-
C - Member of noncontributory retirement plan	x	-	x	-
D - "New" Class B member of contributory retirement plan with Medicare and no FICA (police officers and firefighters hired after March 31, 1986, etc.)	x	x	-	x
E - Employees with only Medicare coverage (student help, temporary hires, etc.)	-	-	-	x
N - Employees exempt from retirement, FICA, and Medicare ("N" employees on March 31, 1986 payroll, students working in their educational institutions, mandatory exclusions)	-	-	-	-
S - Employees with only Social Security (substitute teachers)	-	-	x	-

- (2) When all the signatures and approvals required within the employing department or agency have been obtained, the Payroll Change Schedules are forwarded to Central Payroll by 4:00 p.m. of the second workday of the current pay period if they are to be reflected in the current pay period. If Payroll Change Schedules are not forwarded to Central Payroll by 4:00 p.m. of the second workday of the current pay period, changes, if any, will be made in the following pay period.