SECTION 340: VOLUNTARY DEDUCTIONS

1. General Comments.

(a) Voluntary deductions are payroll deductions and net salary assignments authorized by employees and not mandated by the courts, State laws, or Federal laws. For procedures in this manual, the deductions are categorized into two groups: (1) those requiring agent approval and (2) those that do not require agent approval. The types of deductions under these groups are listed as follows:

(1) Require Agent Approval	(2) Do Not Require Agent Approval
Parking Fees	Employee Organizations
Cottage Rental	Community Fund Donations
Hawaiian Home Lands	U. of H. Foundation
Medical Plan	U. S. Civil Service Commission Health Plan
Annuity Plan Premium	U. S. Savings Bonds
Additional Retirement and Retroactive FICA Tax Contributions	Workers' Compensation Retirement
Federal Credit Unions	
Motor Vehicle Insurance	
Deferred Compensation Plan	
Net Salary Assignment*	

* Signed approval by assignee is not required for cancellation.

(b) In most instances, the withholding and cancellation of these assignments are effected upon the approval (signature) of the employee in accordance with the following rules and regulations.

(1) Prescribed application or assignment forms must be used.

(2) Voluntary payroll deductions and net salary assignments are automatically cancelled after the third payroll period following the effective date of a termination personnel action, so that assignment forms for cancellations do not have to be submitted; this automatic cancellation assures that, if a terminated employee is re-employed at a later time, previously authorized deductions will not be reactivated without resubmission by the employee of the prescribed assignment forms.

(3) Receipt of new assignment or application will supersede any previous assignment made for the same agent or type of assignment (except for employee organization).

SECTION 340: VOLUNTARY DEDUCTIONS

(4) When an employee transfers from one payroll to another payroll within the State government, the same voluntary deductions will continue to be made unless such authorizations are cancelled or changed by an employee. Exceptions to this rule are deductions for Cottage Rental, Annuity Plan Premium, and U. S. Civil Service Commission Health Plan, which are guided by separate procedures.

(5) When mass changes in assignments for a particular deduction are scheduled due to various reasons such as savings bonds campaign, a community fund drive, or a change in premium rates, a special card form or change schedule may be used with the approval of the Comptroller. When the occasion arises, the Comptroller will coordinate procedures with the data processing center and with affected agencies and will issue special instructions for processing these mass changes.

2. Forms.

(a) All voluntary assignments and cancellations requests are processed on SALARY ASSIGNMENT/CANCELLATION, SAFORM D-60, except for the following:

(1) Motor Vehicle Insurance Deduction Authorization, SAFORM D-62.

(2) U. S. Savings Bonds - Federal SBD Form.

(3) U. S. Civil Service Commission Health Plan - Payroll Change Schedule, or similar substitute.

(4) Community and special campaign drives, and other special occasions when approval is received from the Comptroller.

(5) Medical Plan Insurance Deduction Authorization, SAFORM D-63.

(b) Refer to Part 700, Appendix, for sample forms and related instructions.

(c) Employees may also be required by the respective agents to complete and submit other forms such as cottage rental agreement, medical plan enrollment card, insurance premiums contract, etc., which are required for the agents' own internal operations.

3. Reports. Refer to Part 800, Appendix, for sample reports and related explanations.

SECTION 340: VOLUNTARY DEDUCTIONS

4. Voluntary Deduction Procedures.

(a) General procedures which are commonly applicable to the various types of voluntary deductions are presented in this section. Any exceptions to the common detailed procedures are more specifically stated in the individual voluntary deduction sections that follow this section.

(b) Departments.

(1) Other than the specific exceptions listed in 2(a), the SAFORM D-60 is used for all voluntary deductions.

(2) Normally, the SAFORM D-60 is prepared by the employee in four copies, when personal application is made with a representative of the agent or with departmental personnel where the employee is employed.

(3) The responsibility of the employing department is to direct the employee to the proper agent where there is a requirement for the employee to have the agent's approval. (Similarly, it is the responsibility of the agent to direct the employee to the proper department or agency within the State for deduction application or further processing where required.)

(4) All forms will be reviewed by the respective department or agency for completeness and correctness and adjusted accordingly.

(5) Distribution of the form will be according to the requirements of each type of deduction. Generally, the distribution is as follows:

Copy #1 - to Central Payroll.

Copy #2 - to Central Payroll for distribution to assignee for reference filing.
(Note: If the assignee is a department or agency of the State, copy #2 is retained for reference filing.)

Copy #3 - retained by the department and placed in a suspense file for later payroll verification and filing into employee's personnel jacket.

Copy #4 - to employee.

(6) Submission of forms will be according to the requirements of each type of deduction. Generally, forms for new or revised assignments should be submitted to Central Payroll on a daily basis, but no later than 4:00 p.m. of the first workday of the month, if they are to be reflected in the payrolls for that month.

SECTION 340: VOLUNTARY DEDUCTIONS

(7) Forms for assignment cancellations should be submitted to Central Payroll on a daily basis, but no later than 4:00 p.m. of the first workday of either pay period in a month, if they are to be reflected in that pay period.

(8) Copies #3 and #4 of the form that are processed through agents are received from Central Payroll on a daily basis and distributed to the employing departments for distribution as follows: Copy #3 is filed in the individual employee's personnel jacket. Copy #4 is given to the employee.

(9) Assisting Central Payroll. During a pay period, and as the need arises, Central Payroll may have to call upon the employing department or agency for information required to correct the EDIT AND VALIDATION ERROR REPORT. This report is a daily listing of exceptions resulting from the data entered into computer files. No distribution of this report is made other than to Central Payroll, where information for correcting the exceptions will normally be available. The employing department or agency will be contacted for assistance only if such information is not available in Central Payroll.

(c) Assignees.

(1) Assignees may assist State employees in preparing SAFORM D-60 for the assignment of his compensation for the types of deduction authorized by State law or by approval of the State Comptroller.

(2) Submission of forms will be according to the requirements of each type of deduction. Generally, forms for new or revised assignments should be submitted to Central Payroll on a daily basis, but no later than 4:00 p.m. of the first workday of the month, if they are to be reflected in the payroll for that month.

(3) Forms for assignment cancellations should be submitted to Central Payroll on a daily basis, but no later than 4:00 p.m. of the first workday of either pay period in a month, if they are to be reflected in that pay period.

(4) When the form has been completely filled out and signed, the four copies are distributed immediately as follows:

Copy #1 - to Central Payroll

Copy #2 - retained by the assignee

Copy #3)- to Central Payroll for distribution to the
Copy #4)- employing department or agency.

SECTION 340: VOLUNTARY DEDUCTIONS

(5) When the form is prepared by an employee or through the assistance of departmental personnel, copy #2 is received by the assignee.

(6) At the end of each pay period, a State of Hawaii WARRANT and related PAYROLL ASSIGNMENT REGISTER (one copy) is received from Central Payroll. (Specified assignees receive two copies.)

(d) Central Payroll.

(1) Copies of the SAFORM D-60 for new or revised assignments are received daily from the departments (copies #1 and #2) or assignees (copies #1, #3, and #4), but no later than 4:00 p.m. of the first workday of the month, if the deduction is to be reflected in the current pay period. If the assignee is an agency or a department, only copy #1 is received by Central Payroll.

(2) Copies of SAFORM D-60 for assignment cancellation are received daily from the departments (copies #1 and #2) or assignees (copies #1, #3, and #4), but no later than 4:00 p.m. of the first workday of the pay period, if the deduction is to be reflected in that pay period. If the assignee is an agency or a department, only copy #1 is received by the Central Payroll.

(3) The forms are reviewed and sent to the employing department (copies #3 and #4) or to the assignee (copy #2). Copy #1 is sent to the data processing center; the last batch must be sent by 4:30 p.m. of the 5th workday before pay day. The forms that are processed for the day are returned on the following day with the processed "Correction Copy" of the daily EDIT AND VALIDATION ERROR REPORTS.

(4) The EDIT AND VALIDATION ERROR REPORT is received daily from the data processing center, together with all SAFORM D-60s processed for the day. By 4:00 p.m. of the workday following the date of the report, the report must have been returned to the data processing center, with notations as to all necessary corrections.

(5) The PAYROLL TRANSACTIONS REGISTER FOR ASSIGNMENTS & DEDUCTIONS, a register containing all transactions resulting from SAFORM D-60s processed for the pay period, is received from the data processing center by 8:00 a.m. of the 2nd workday before pay day. After a summary review of this register, it is filed, as are the related SAFORM D-60s.

(6) Two copies (For specified assignees, three copies) of the PAYROLL ASSIGNMENT REGISTER for each agent, the related State of Hawaii WARRANT and the SUMMARY WARRANT VOUCHER are received at the end of

SECTION 340: VOLUNTARY DEDUCTIONS

each pay period. Copy #1 of each register is attached to the related SUMMARY WARRANT VOUCHER under which the WARRANTS were drawn and retained as part of the Comptroller files. Copy #2 (For specified assignees, Copies #2 and #3) of each register and its related warrant are forwarded to the designated agent.

(e) Data Processing Center Procedures.

(1) The data processing center receives SAFORM D-60s daily from Central Payroll and records the information contained thereon in appropriate computer files.

(2) As a result of computer processing, the related PAYROLL TRANSACTIONS REGISTER, the EDIT AND VALIDATION ERROR REPORT, the PAYROLL ASSIGNMENT REGISTER, and the related State of Hawaii WARRANT and SUMMARY WARRANT VOUCHER are produced. These computer printouts are processed and assembled in appropriate sets for final distribution by the Pre-Audit Branch on schedules described above.

(3) Corrections to computer files, if required, are made from source documents (the related "Correction Copy" of the EDIT AND VALIDATION ERROR REPORT, and the FILE MAINTENANCE SHEET prepared by Central Payroll) on which the correct data have been noted. All corrected source documents and SAFORM D-60s are returned to Central Payroll for final disposition at the end of each pay period.

5. Automatic Cancellation of Voluntary Deduction.

(a) When at least three (3) payroll periods have elapsed since the effective date of a termination personnel action, the following voluntary deduction types are automatically cancelled by the payroll system:

Type	Type Code
Additional Retirement and Retroactive FICA Tax Contributions	AR
Net Salary Assignment	BA
Cottage Rental	CR
Federal Credit Union	CU
Employee Organizations	EO
Hawaiian Home Lands	HH

SECTION 340: VOLUNTARY DEDUCTIONS

Type	Type Code
Medical Plan	MD
Motor Vehicle Insurance	MV
Parking Fee	PK
U. S. Savings Bonds	SB
U. of H. Foundation	UH
Community Fund Donations	UF
U. S. Civil Service Related Deductions	US
Workers' Compensation Retirement	WR

(b) The following deductions are not cancelled automatically:

(1) Voluntary deductions other than those listed in paragraph 5(a).

(2) Net Salary Assignments (voluntary deduction type BA) for employees paid within the previous six (6) months from a payroll designated as a "no voluntary deduction" payroll. (Voluntary deductions other than Net Salary Assignments are not permitted for employees paid solely from a payroll designated as a "no voluntary deduction" payroll.)

(3) All mandatory deductions.

(4) Any voluntary assignments that may enter the payroll system in a current payroll period.

(c) Automatic cancellation of voluntary deductions will not occur if an employee has an "Active SF5 Position Record" or has current payroll period payments being made (including workers' compensation payments, but not including a post-termination vacation pay-off.)

(d) If an SF5 enters the payroll system with a prior payroll period termination date, cancellation is based on the effective date of termination and may occur immediately or before three payroll periods have passed. The exact date of cancellation will vary, depending upon when the termination SF5 entered the payroll system and was accepted on the payroll master file, and depending upon whether the employee continues to be paid.