

STATE OF HAWAII
Accounting Manual

Volume III
Part 300: Deductions from Gross Payroll

Page 345.01

SECTION 345: ANNUITY PLAN PREMIUM

General Comments

Employees of the Department of Education (DOE) and the University of Hawaii (UH) may qualify for the purchase of an annuity contract which results in favorable tax benefits under Section 403(b) of the Internal Revenue Code of 1954, as amended.

The annuity plan deductions reduce taxable income for Federal income tax purposes; however, such deductions are taxable under the State of Hawaii income tax laws.

Legal Provisions

Section 303-2, Hawaii Revised Statutes, authorizes the Department of Education and the University of Hawaii to enter into a written agreement with any of its employees to purchase an annuity contract from an authorized insurer.

Section 303-3, Hawaii Revised Statutes, also authorizes the Department of Education and the University of Hawaii to enter into an agreement with qualified employees to withhold from his wages the amount of premium payments applicable to an annuity contract.

Forms

The STATE ACCOUNTING FORM D-60, SALARY ASSIGNMENT/CANCELLATION (SAFORM D-60), is the form used to report a request for salary assignment, or to change or to cancel the amount assigned as an employee's annuity plan premium to an authorized insurer. Refer to Part 700, Appendix, for form illustration and related instructions.

Procedures

The General Voluntary Deduction Procedures as presented in SECTION 340: VOLUNTARY DEDUCTIONS are followed in processing annuity plan premium assignments, changes, or cancellations of assignments.

Assignments, changes, or cancellation of annuity plan premium assignments are processed through the University of Hawaii or Department of Education and distributed as noted on each copy of the SAFORM D-60.

September 1, 1973