

SECTION 356: WORKERS' COMPENSATION RETIREMENT1. General Comments.

- (a) Contributing members of the Employees' Retirement System (ERS) of the State of Hawaii 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.
- (b) For contributing members who are receiving workers' compensation benefits through the payroll system, the retirement contribution may be continued by electing to have the contribution deducted from the workers' compensation payment as though the employee were regularly employed. The type code for deduction under this procedure, which is described in the remainder of this section, is "WR".
- (1) If the contributing member has exhausted his sick leave or vacation credits, the member may elect to increase the retirement contribution to the amount that would have been deducted if he were regularly employed. Since a full contribution is required for retirement purposes, the deduction should be increased whenever there is a pay increase. This will prevent a deficiency from occurring in the member's retirement account at the ERS.

For example:

1. A contributory plan member who would receive \$1,000 per month from his regular employment elects to have retirement contributions deducted from his workers' compensation payment:

	<u>Salary</u>	<u>Retirement Deduction at 7.8%</u>
Sick leave pay	\$ 400	\$31.20
Workers' compensation pay	<u>600</u>	<u>46.80</u>
	<u>\$1,000</u>	<u>\$78.00</u>

2. A contributory plan member who would receive \$1,000 per month from his regular employment elects to have 100% of the required retirement contributions deducted from his workers' compensation payment, because he has exhausted all of his sick leave and vacation credit:

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	<u>Salary</u>	Retirement Deduction
Workers' compensation pay	\$ 600	\$78.00 (7.8% of regular pay)

2. Legal Provisions. Section 79-16 of the Hawaii Revised Statutes provides the legal basis upon which the contributing member may elect to have the retirement contribution deducted in accordance with the said percentages of compensation as provided for under Section 88-45.
3. Form. The STATE ACCOUNTING FORM D-60, SALARY ASSIGNMENT/CANCELLATION (SAFORM D-60) is a multi-purpose form that is used to authorize, initiate, and cancel the amount of payroll assignment to the ERS. Refer to Part 700, Appendix, for form illustrations and related instructions.
4. Procedures.
  - (a) The General Voluntary Deduction Procedures as presented in SECTION 340: VOLUNTARY DEDUCTIONS are followed in processing the retirement assignments or cancellations. More specific procedures for the preparation, review and routing of the SAFORM D-60 are described below.
  - (b) For processing control, the agent's name is entered on the SAFORM D-60 as follows:

EMPLOYEES' RETIREMENT SYSTEM  
W/C - Retirement Deduction  
Act 123, SLH 1977
  - (c) Assignments or cancellations of the workers' compensation retirement assignments are processed by departmental payroll and personnel offices and routed to DAGS CENTRAL PAYROLL. Distribution of other copies of SAFORM D-60 is done by departmental payroll or personnel offices.
  - (d) Forms for new or revised assignments should be submitted no later than 4:00 p.m. of the first workday of either payroll period in a month, if they are to be reflected in that payroll period.