

Department of Accounts Payroll Bulletin

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Guidelines for Military Supplement Payments

Military Supplement Payment

On Wednesday, March 26, 2003, Governor Warner signed Executive Order Number Forty-Four (2003) entitled, Supporting State Employees Who are Called to Active Duty. To accommodate those payments, Special Pay 44 (MIL SUPP) has been established in CIPPS. Guidance for determining the amount of military supplemental pay will be provided by the Department of Human Resource Management.

The Department of Planning and Budget has established subobject code 1132, Salaries, Armed Forces Pay Differential, to record the amount of pay expended under this policy. CIPPS has been modified to default the subobject code for all Special Pay 44 payments. Benefits will continue to be charged to the 1110 series of subobject codes.

Military supplemental pay may be processed using one of the following methods as Imputed Life, Special Pay 14, must calculate along with the military supplement.

- 1) Enter a 744 transaction on HUC01, Special Pays as Regular Pays. Use of this screen is required in order for Imputed Life, Special Pay 14, to calculate.
- 2) Change the Salary Rate field on the H0BID screen to \$.02, and establish the military supplement pay (44) as an automatic special pay on H10AS. The supplement amount should be reduced by the \$.02 of regular pay. The following indicators must be used - tax indicator of 5, check indicator of 0, and deduction indicator of 0.

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Lora L. George at (804) 225-2245 or Email at lora.george@doa.virginia.gov

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Guidelines for Military Supplement, (cont.)

Health Insurance

Employees on LWOP-Military do not receive employer contributions to health insurance unless they have enrolled in extended coverage. Employees enrolled in extended coverage continue to receive the employer contribution for a period of 18 months. Extended coverage, if elected, is handled outside of the payroll system with direct billing from the vendor to the employee. Deductions 24, 25, and 26 should be deactivated on H0ZDC for these employees. If any change is made to HMCU1, the health care deductions will once again be reactivated. Therefore, once a change is made to HMCU1, the health care deductions will once again need to be deactivated.

Employer paid VRS Benefits and Imputed Life

LWOP-Military employees continue to be covered under the VRS group life insurance program for up to 24 months. However, retirement, retiree credit, buybacks, and disability amounts are not to be calculated for these individuals. BE SURE TO DEACTIVATE THE APPROPRIATE VRS DEDUCTIONS ON H0ZDC. Additionally, if any change is made to HMCU1, the retirement deductions will once again be reactivated. Therefore, once a change is made to HMCU1, the appropriate VRS deductions will once again need to be deactivated.

As the employee will continue to receive the benefit of employer paid group life insurance for up to 24 months, Imputed Income must continue to be calculated. If the employee is receiving military supplemental payments (SP 44), the automatic Special Pay for Imputed Life (SP 14) on H10AS will process appropriately.

However, even if the employee is not receiving supplemental payments (i.e., military pay equals or exceeds prior State base salary), the special pay transaction to calculate Imputed Income must continue to process. A special pay transaction can be entered on HUE01 for Imputed Life the first pay period of each month while the employee receives insurance coverage. The amount included in the 914 transaction should equal the coverage amount (i.e., the amount represented on H10AS). The result will be the appropriate charging of employer OASDI and HI taxes to the agency, and the accumulation of the employee related OASDI and HI taxes in the UNCOLLECTED OASDI and UNCOLLECTED HI buckets on the H0BTT screen.

Guidelines for Military Supplement, (cont.)

Employer paid VRS Benefits and Imputed Life (cont.)

Should the employee not return to work prior to the end of the calendar year, a manual pay set will be required to reduce the employee's YTD net pay and increase YTD OASDI and HI taxes so that these uncollected amounts will not be reported on the employee's W-2. The employing agency will subsequently be charged for the uncollected taxes. (Alternatively, if the employee is expected to return to work prior to the end of the calendar year, the value of the Imputed Income for group life insurance for the period of LWOP-military may be calculated and entered with a manual payset on HTPSA once the employee returns to work.)

Employee Paid Deductions

Employee paid deductions, including direct deposit, *may continue* to be withheld from military supplemental pay. Examples include Optional Group Life (up to 24 months) (#35), Deferred Compensation (#38), Supplemental Insurances (#41), Annuities (#39), CVC (#62), and Savings Bonds (#s 52-57). **Exceptions to this are Buy Back (#17), Pre-tax Buy Back (#43), Medical Spending Accounts (#22), and Dependent Spending Accounts (#21).**

Guidance from the Department of Labor and Industry has determined that military pay **is subject** to court-ordered withholdings (deductions #1 - #8).

If the amount of the supplemental pay is less than the Deferred Compensation (# 38) contribution the participant is currently making, a new Payroll Authorization Form must be filed with the agency payroll office. If the participant contributes at least \$10.00 per pay the employer will contribute the DC Cash Match (#45) at the rate of 50% of the employee's contribution up to \$20.00 per pay period. Similarly, if the employee desires to suspend contributions, an authorization form must be completed indicating that election.

If the amount of the supplemental pay is less than the Annuity (# 39) contribution the participant is currently making, a new Salary Deduction Authorization Form does NOT need to be filed. However, the Payroll Officer must communicate the adjusted amount to FBMC so that they may modify their database. Employer contributions to Annuity Cash Match (#46) will continue according to institutional policy.

Payline PowerPoint Presentation Available on Web

Payline PowerPoint Presentation

A PowerPoint presentation has been developed and is now available for viewing or downloading from DOA's web site at http://www.doa.virginia.gov/Payroll/Payline/Payline_Main.cfm. This should be a helpful tool for both training line agency personnel to support Payline inquiries, new employee orientation programs, and campaigns for expanding the use of Payline within the agency.

We encourage you to review the presentation and provide feedback to J.R. Rodgers (john.rodgers@doa.virginia.gov) or Lora George (lora.george@doa.virginia.gov).

We anticipate a second version of the presentation with voice overlay will be available by Summer 2003.