
Modified Retirement Rates for 4th Quarter of FY12, continued

Retroactive Adjustments

Deduction 117, RETRMT-X, is used to charge the agency for the “differential” amount between what is charged to the agency for retirement (“funded rate”) and what is actually being sent to VRS (“transfer rate”). This deduction percentage will be change to 0% as the retirement differential will be eliminated effective March 25, 2012 and the full “funded” retirement rate will be sent to VRS. The deduction will not be disabled as retirement calculations for retroactive adjustments will continue to have the requirement to “split” the funds between VRS and the differential. However, CIPPS will not be able to calculate the appropriate deduction amounts retroactively. To accomplish accurate deduction collections, a paid manual payset on HTODA will be required to reclassify the portion of retirement (deduction 116) the system will calculate that should be associated with the retirement differential (deduction 117).

Example: A retroactive salary increase has been approved for the March 10 to 24 pay period in the amount of \$1200.00. Enter \$1200.00 for SP 082 using the To and From dates in the transaction. The system will use the new rate of 6.58% to calculate deduction 116 (\$78.96); however, since this is for creditable compensation earned prior to the March 25 increase in transfer rate to VRS the effective rate for deduction 116 should have been 2.08% (\$24.96). To divert the funds to their proper places calculate the amount that the system would have calculated for deduction 117 ($\$1200.00 * 4.50\%$ or \$54.00) and enter a deduction reclassification on HTODA.

Note: The same type of reclassification would apply to late VSDP approvals where no compensation was provided (no leave usage) and any other retroactive adjustment affecting creditable compensation.
