

Department of Accounts

Payroll Bulletin

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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 Cathy McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

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VRS 457 Plan Enrollments and Deferral Changes

Introduction

Effective beginning with the pay period of April 25 through May 9 all new enrollments and most deferral changes for the 457 Deferred Compensation Plan (and the associated cash match) will be automatically processed in CIPPS. This process will be similar to the current automated updating of CIPPS for health care transactions and the annual update of Optional Group Life premiums. Whether requested via paper forms or systematically by the participant utilizing a new feature on the Plan Web site, which allow enrollments and deferral changes to be made online or by telephone, the deduction information will be passed by Great West to DOA on a file which will automatically update CIPPS.

How It Works

Employees may use the online service provided by Great-West Retirement Services (GWRS) to enroll in the 457 Deferred Compensation plan or to increase, decrease, reinstate or suspend existing deferrals. Paper transactions will continue to be available; however, **payroll officers must not make these changes in CIPPS**. Any forms requesting these transactions should be immediately forwarded to the GWRS Local Service Center where they will be keyed into the GWRS system. The address for the GWRS Local Service Center is:

Great-West Retirement Services
1108 E Main Street, Suite 1102
Richmond, VA 23219

Generally two days after each pay day (see File Transfer Schedule) GWRS will provide a file to DOA based on the effective date of the enrollment/change. This file will contain all new enrollments and deferral changes requested by employees by 10:00 pm EST the day before the file transfer date. CIPPS will be automatically updated and reports will be produced detailing the transactions entered successfully in the system as well as any rejected transactions.

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Exceptions Paper Payroll Authorization Forms for participants using the Standard Catch-Up, Uniformed Service Leave Make-Up, one-time deferral changes or deferral of termination pay (leave payouts) will continue to be required. Due to the nature of these elections, agency intervention is required and thus agency personnel will be responsible for making these changes in CIPPS. Where applicable, the amount of the cash match will also have to be manually changed by agency personnel.

A copy of the form should be forwarded to GWRS; however, these transactions will not be included in the file received from GWRS.

New Hires New employees wishing to enroll effective the first day of employment must complete and submit enrollment and beneficiary forms to GWRS on the first date of employment. Completed forms can be faxed to the GWRS Local Service Center at 804-643-8200. Should a contribution be taken for new employees who have not designated their investment allocation by the time the deferrals are received by GWRS, those deferrals will be posted to the default account. The employee will have to initiate the transfer of those monies to their chosen investments.

Employees transferring from one CIPPS agency to another Employees transferring from one CIPPS agency to another must complete a new Payroll Authorization Form for the new agency. These forms must be mailed to the GWRS Local Service Center where the transactions will be added to the file to be sent to DOA. Failure to complete and remit the form in a timely manner may mean a delay in deferrals being taken from the employee pay.

Reports In addition to the 1006, Change Listing Report, the following two new reports will be automatically produced each pay period to assist agencies in identifying enrollment and/or deferral changes:

U062, GW/CIPPS DEFERRED COMP/CASH MATCH UPDATE LISTING
U063, GW/CIPPS DEFERRED COMP/CASH MATCH ERROR REPORT

These reports should be available for review the day following the file transfer date as found on the schedule.

Error Correction Transactions reported on the U063, GW/CIPPS DEFERRED COMP/CASH MATCH ERROR REPORT must be researched and manually entered in CIPPS by the agency. Rejections may be due to an invalid employee number or a transaction received for a terminated employee.

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Effective Dates

Deferrals are taken from the employee's pay on the **first pay date of the following month**, or the next available pay date if later. Please note that the effective date is based on the **check date** and not the pay period. The effective dates used in the GWRS on-line system will reflect the normal pay dates for the state's classified semi-monthly pay schedule.

Example 1 – An employee completes a paper application for enrollment and submits to the payroll office on May 9. The payroll office immediately forwards the enrollment form to GWRS Local Service Center. GWRS enters the information in their system and the necessary transactions are included in the file sent to DOA on May 18. The employee will see the deduction for the first time on the June 1 pay check.

Example 2 – On May 18, an employee goes on-line to request a change in the amount of their deferral. The first pay date available to the employee in the “effective date” drop down box will be June 15 since the file for June 1 has already been transmitted to DOA.

Example 3 - On August 1 an employee goes on-line and requests an increase in the amount of their deferral. The first pay date available to the employee in the “effective date” drop down box will be September 14 since the change is effective on the first pay date of the following month. Because pay day is on August 31, the change cannot go into effect until the following pay day of September 14. GWRS will process the transaction and it will be included in the file sent to DOA on September 5. The employee will see the change in the amount deducted on the September 14 pay check.

Example 4 – An employee's last day of employment is September 9. On September 2 the employee submits to the payroll office a Payroll Authorization Form requesting that the employee's annual and compensatory leave balance payout go to Deferred Compensation. The payroll office calculates the net amount of the leave payout (Gross less FICA taxes) and completes the Employment Termination Pay section of the form. It is the agency's policy to process leave payouts in the pay period following the employee's last workday. For the pay period of September 10 – 24 the payroll office changes the amount of deduction 038 and enters special pay transactions to pay the annual and compensatory leave balances and a regular pay transaction of one penny. No employer cash match is due on the termination pay amount if that payment occurs after the date that the employee receives his last regular salary.

Example 5 – An employee hired effective May 10 wants deferred compensation taken out of first paycheck. The employee must submit the enrollment form and beneficiary designation either before but no later than the first day of employment. The forms may be faxed to the GWRS Local Service Center. GWRS receives the form and the enrollment transaction is included in file feed to DOA on May 18. Employee sees first deduction for deferred compensation on June 1 pay check.

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File Transfer Schedule

Pay Period	File Transfer fm GW to DOA Date	DOA Certification Deadline	Payday
04/25/07-05/09/07	05/03/07	05/10/2007	05/16/2007
05/10/07-05/24/07	05/18/07	05/25/07	06/01/07
05/25/07-06/09/07	06/05/07	06/11/07	06/15/07
06/10/07-06/24/07	06/19/07	06/25/07	07/02/07
06/25/07-07/09/07	07/05/07	07/10/07	07/16/07
07/10/07-07/24/07	07/18/07	07/26/07	08/01/07
07/25/07-08/09/07	08/03/07	08/10/07	08/16/07
08/10/07-08/24/07	08/20/07	08/27/07	08/31/07
08/25/07-09/09/07	09/05/07	09/10/07	09/14/07
09/10/07-09/24/07	09/18/07	09/24/07	09/28/07
09/25/07-10/09/07	10/02/07	10/10/07	10/16/07
10/10/07-10/24/07	10/18/07	10/26/07	11/01/07
10/25/07-11/09/07	11/05/07	11/09/07	11/16/07
11/10/07-11/24/07	11/20/07	11/26/07	11/30/07
11/25/07-12/09/07	12/04/07	12/10/07	12/14/07
12/10/07-12/24/07	12/17/07	12/20/07	12/28/07