Example Y – Employee Terminates or Transfers – Retirement was not Collected for the Full Month

In some cases, Terminations or Transfers are reported to payroll after the first payroll of the month is processed. When this happens, retirement and healthcare deductions cannot be collected in full. Human Resources should be made aware of the implications of late notifications. However, things do happen. If the employee is due any leave payouts, you may deduct retirement and healthcare from the leave payment as shown below. **As a last resort**, follow the instructions below to collect the payments due from the employee outside of payroll.

To collect retirement and/or healthcare deductions from a leave payout, overtime or other payments due to the employee:

1. Ensure the employee is on Non-Auto Status on H0BID
2. Leave the Retirement Plan Code and Healthcare Plan Code unchanged on screen HMCU1
3. Ensure that SP 99 CONTBASE on screen H10AS has a frequency of "09".
4. Process the payments due the employee as normal using the appropriate transaction screen (HUE01 or HUA03). NOTE: If using screen HUE01, use the indicators of "5"-"0"-"0" to allow the retirement deductions to process. (Use indicators "0"-"0"-"0" if this is for a leave payout which should be taxed at the supplemental rate.)
5. If partial payments are due for any of the deductions, key an HUD01 transaction to those deduction numbers to override the amounts.
6. If all of the payments to the employee are paid on HUE01, you will need to key a penny of regular pay on HUA03 to process the Retirement Deductions. You will also need the penny to process any deduction overrides if they were keyed in Step 4.

To collect retirement and/or healthcare deductions outside of CIPPS:
(NOTE: You are only allowed to collect retirement outside of payroll in those cases where the employee has terminated!!)

1. Ensure the employee is on Non-Auto Status on H0BID
2. Process the employer portions due for the missed pay period by keying a penny of regular pay on screen HUA03. This will automatically process the Employer portions of Retirement and Healthcare due.
3. The Automated Healthcare Recon will show an exception for this employee during that month and an automated IAT will be generated charging the agency for the employee's portion.
4. The Automated VRS Recon will show an exception for the Member Portion of Retirement. An automated IAT will be generated charging the agency for the member portion.
5. Send a letter to the employee requesting the amounts due for Healthcare and the 5% Member Portion of retirement that was paid on their behalf during the Automated Healthcare and VRS Recons. Give the employee a 1 month deadline in which to pay back the agency. The employee should send a check to the line agency made payable to the "Treasurer of Virginia". Explain to the employee that if they do not pay the member portion of retirement due or the healthcare, it could result in a loss of State Service and Healthcare for the month.
6. Once the check is received, the line agency should deposit the check back the default coding that was used to charge the agency during the Automated Healthcare and VRS Recons.
7. If the check is not received within the 1 month period, you should update myVRSNavigator to withdraw the employee's service for the month. BES should be updated to remove the employee's healthcare eligibility for that month also.
8. **BY POLICY, LINE AGENCIES ARE NOT ALLOWED TO COVER THE EMPLOYEE'S PORTION OF RETIREMENT!! IF IT IS NOT REIMBURSED – THE EMPLOYEE MUST LOSE THE SERVICE FOR THE MONTH.**
9. **If the adjustment occurs prior to the implementation of the VRS Automated Recon, contact State Payroll Operations for instructions.**