



Volume No. 1—Policies & Procedures	TOPIC NO.	50455 – Cardinal
Section No. 50400—Deductions	TOPIC	MISCELLANEOUS EMPLOYEE DEDUCTIONS
	DATE	November 2015

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Overview

Introduction

The Commonwealth of Virginia offers employees a wide range of programs and services that can be paid by the employee through payroll deduction. Some of these programs are State sponsored while others are administered through third party vendors. Examples of such programs are:

- TPA Supplemental Insurance and Annuities – Offers employees a variety of insurance and tax sheltered annuity options. (An administrative fee is required for some of these products)
- Virginia College Savings Plans (VCSP)- State tuition programs offering prepaid education (VPEP) and savings trust (VEST) investment options.
- Combined Virginia Campaign (CVC) – A charitable donation program providing a system for state employees to support not-for-profit charities.

All activity for insurance and annuity deductions must be processed through an automated interface between the TPA and DOA. The VCSP and CVC deductions and other programs are established on HOZDC. Employees usually complete an enrollment form and/or some type of deduction authorization form to initiate the payroll deduction. *Standard statewide deduction codes along with utility field descriptions are listed on DOA'S web site.*

http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm

TPA Supplemental Insurance and Annuities Program


TPA Supplemental Insurance and Annuities

The TPA Supplemental Insurance and Annuities program benefits employees by providing payroll deduction services for commercially available products offered by a network of independent vendors. Two types of products are offered:

- Insurance (post-tax)
- Tax Sheltered Annuities/TSA (pre-tax) (See CAPP – Cardinal Topic 50415, *Retirement Salary Reduction Plans*, for more information)

Each pay period an automated file for updating CIPPS is received 5 work days before final certification. Depending on the vendor, an administrative fee may apply that must be charged to the employee through payroll deduction.

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TPA Supplemental Insurance and Annuities Program, Continued

Third Party Administrator (TPA)

An independent third party administrator:

- Manages the network of vendors.
- Serves as the clearinghouse for deduction authorization forms processed by network vendors in response to employee enrollment activity.
- Notifies agency payroll staff of deduction changes processed by network vendors.
- Reconciles and remits payments to vendors in accordance with pre-established schedules.

Refer to the TPA Administrative Manual on the DOA website at www.doa.virginia.gov (Click Payroll Operations, then Third Party Administrator) for more information on the enrollment and remittance processes.

TPA Administrative Fee


Administrative fees are charged by the TPA to fund processing activities. In many cases, the vendor pays the administrative fee on behalf of the employee. When the vendor does not pay the administrative fee, the fee must be charged to the employee through payroll deduction. The administrative fee deduction is established in CIPPS at the same time the TPA deduction is established.

Deduction Terminations

All terminations should flow through the TPA. The forms found on DOA's website and in the Administrative Manual are the only forms that will be accepted to stop a deduction. To initiate a change or a cancellation, the employee should:

- Contact the vendor and complete a new form denoting the cancellation. (As a contingency, the Agency Payroll/Benefit Administrator should have a small supply of the forms.)
- *The vendor will notify the TPA of the cancellation.*
- The TPA provides a cancellation transaction on the automated file. If an employee notifies the agency payroll personnel of a delay in cancellation, the deductions should be manually deactivated and the agency should notify the TPA via email.

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TPA Supplemental Insurance and Annuities Program, Continued

Refunds When deductions are withheld in error, the CIPPS deduction refund process can be used to refund the employee deduction. The refund must be processed along with the employee’s regular payment. Process the refund using HTODA, Employee Deduction Refund/Adjustment. Reference CAPP – Cardinal Topic 50605, *Tax and Deduction Overrides*, for instructions. The refund process should not be handled outside of CIPPS.

Reports In addition to the 1006, Change Listing Report, the following two reports are automatically produced each pay period for review the day following the file transfer date:

- U147, MISC INS/ANNUITY/FEE UPDATE LISTING – Provides a list of transactions that updated CIPPS based on employee enrollment/change/termination of miscellaneous insurance or annuities and associated fees and cash match amounts.
- U148, MISC INS/ANNUITY/FEE ERROR REPORT – Provides a list of transactions that did not post to CIPPS for various reasons and may require manual action.


Virginia College Savings Plan

VPEP The “*Virginia 529 pre-Paid*” program (shown in CIPPS as VPEP) is an IRS Section 529 qualified state tuition program. The program allows participants to prepay the cost of future college tuition and mandatory fees at current prices. Contracts can be purchased, during the annual enrollment period, for children in the ninth grade or younger if the child or the purchaser is a resident of the State.

VEST The “*Virginia 529 inVest*” program (shown in CIPPS as VEST) is another IRS Section 529 qualified tuition program. This program allows participants to save for all college costs including tuition, fees, room and board, textbooks, and computers. Accounts can be opened any time during the year, for students of any age, and there are no residency requirements.

Administration Both VEST and VPEP are administered by the Virginia College Savings Plan (VSCP), an independent state agency. The agency oversees a trust fund that combines the contributions of all participants in order to maximize benefits from various investment activities.

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Virginia College Savings Plan, Continued

General Program Information

For information on tax advantages, benefits, payment options and contract prices visit the Virginia College Savings Plan website at www.virginia529.com

Payroll Deduction Authorization

To make payments through payroll deduction, an employee must complete the Payroll Deduction Authorization form and mail it to VCSP.

In most VPEP contracts, the employee requesting the payroll deduction will be the purchaser of the contract. However, VPEP has indicated that it will allow a State employee who is not the purchaser of the contract to make payments through payroll deduction. In this case, the employee must document on the form the VPEP account number (SSN) of the contract owner. VPEP administrative staff will review the authorization and, if approved, will forward the authorization to the employee's payroll/benefits administrator for data entry to CIPPS.

Deduction Termination


Employees must complete and sign a new Payroll Deduction Authorization form to stop deduction processing. The employee must also provide a written request to VCSP administrative staff to cancel their contract.

Combined Virginia Campaign

Introduction

The Combined Virginia Campaign (CVC) is conducted annually, during the months of October and November, among all classified and hourly state employees. CVC is the only authorized solicitation of employees in the state workplace on the behalf of charitable organizations. The CVC is designed to provide a convenient system for state employees to support the efforts of charitable health and human service organizations. Contributions made to charitable organizations are completely voluntary. For more information access the CVC website at <http://www.cvc.virginia.gov/>.

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Combined Virginia Campaign, Continued

Agency CVC Coordinator

The Agency CVC Coordinator is the employee selected by a state agency to coordinate the campaign in your agency. This person is responsible for:

- Distribution of pledge cards and campaign charities directory.
- Posting CVC campaign materials, i.e., posters notice of campaign contribution period.
- Answering routine inquiries from employee, campaign participants.
- Forwarding all pledge cards to the pledge processor.

Charity Designation

Employees may contribute to a charity *through payroll deduction, cash, check, credit card, or stock donation*. Campaign contributions may be designated to as many as four specific organizations participating in the CVC, or they may be undesignated. *Undesignated contributions are first used to cover any administrative costs incurred by the campaign. The remaining balance will be assigned to the Virginia State Employee Assistance Fund.*

Pledge Card Processing

The employee may complete a CVC authorized pledge card to participate in the program or make an online pledge using DHRM’s Employee Direct application. The completed pledge card is returned to the Agency CVC Coordinator. Pledge cards indicating payroll deduction as the method of contribution are forwarded to the agency payroll office for processing. The deduction is established on the employee’s deduction screen in early January of the contribution year.

CVC Deduction Termination

To stop a CVC deduction contribution the employee need only submit a written request to their agency payroll officer.

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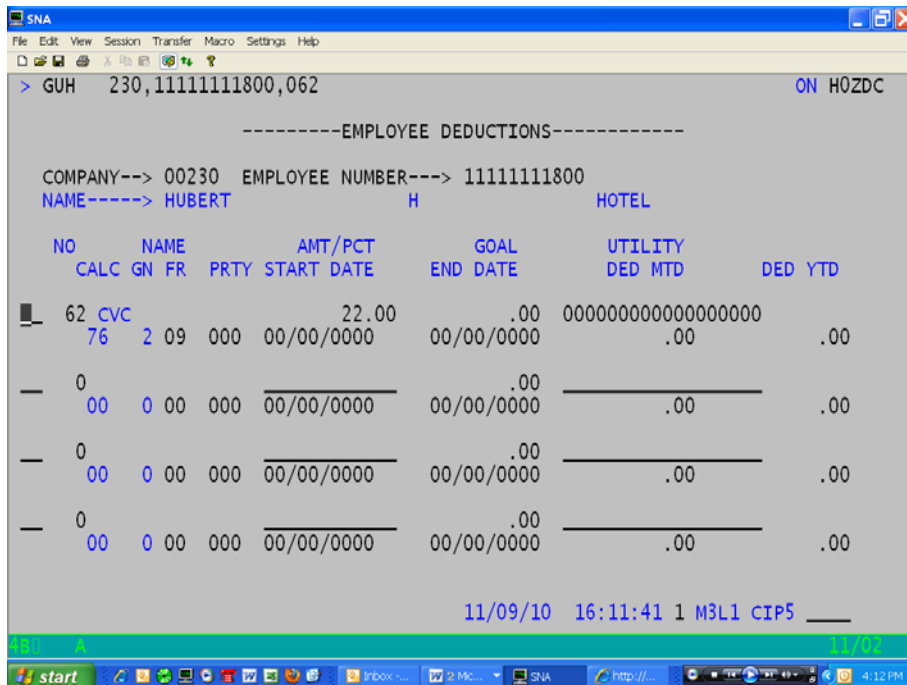
Data Entry Procedures

Online Data Entry


While deduction activity for Miscellaneous Insurance amounts should be largely controlled by the automated interfaces, there may be times when manual data entry will be required. Other miscellaneous deductions are set-up on HOZDC. Access HOZDC and enter the appropriate sub-command as instructed in CAPP – Cardinal Topic No. 50110, *CIPPS Navigation*.

HOZDC

The screen below displays the deduction set required for a CVC.



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Data Entry Procedures, Continued

NO Enter the appropriate deduction number:

Ded No.	Description
041	Post tax insurance
042	TPA administrative fee (required for some insurance and annuities.)
048	VEST
058	VPEP
062	CVC

NAME This field is displayed by the system when the screen is completed and Enter is pressed.

AMT/PCT Enter the two-decimal place deduction amount to be withheld. For annuities where a percentage is requested, enter a five-decimal place percentage (Eg. 5% would be entered as .05000).

GOAL Enter the maximum amount to be withheld, if applicable.

UTILITY Leave all zeros.

CALC
GN These fields are displayed by the system when the screen is completed and Enter is pressed.


FR Enter '09' for the deduction frequency.

PRTY No data entry.

START DATE

END DATE

MTD/YTD No data entry. These fields are automatically updated each time the deduction is taken.

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Internal Control

Internal Control Agencies should ensure that all required employee authorizations are obtained before the deduction is established in CIPPS.

Records Retention

Time Period Supporting payroll documents should be retained for a period of 5 years or until audited whichever is later.


Contacts

DOA Contact Director, State Payroll Operations
Voice: (804) 225-2245
E-mail: Payroll@doa.virginia.gov

Payroll Support Analyst/Trainer
Voice: (804) 786-1083
E-mail: Payroll@doa.virginia.gov

Subject Cross References

References CAPP – Cardinal Topic No. 50110, *CIPPS Navigation*
CAPP – Cardinal Topic No. 50415, *Retirement Salary Reduction Plans*
CAPP – Cardinal Topic No. 50605, *Tax and Deduction Overrides*

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CARS to Cardinal Transition

Cardinal Transition

CIPPS interfaces to both CARS and Cardinal. No additional action needs to be taken by agencies in order to record CIPPS entries. After CARS has been decommissioned, agencies will no longer use NSSA to establish programmatic data in CIPPS. Instructions on how to load this information to CIPPS will be distributed at a later time.
