

# 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](mailto:cathy.mcgill@doa.virginia.gov)
- State Payroll Operations
- |                    |                       |
|--------------------|-----------------------|
| <b>Director</b>    | <b>Lora L. George</b> |
| Assistant Director | Cathy C. McGill       |

## Retirement Contributions When Pay is Docked

### Guidelines

In March 2012, VRS Modernization will change how we process retirement deductions. The new changes will streamline the current processes and provide automated reconciliations.

Until then, retirement calculations will continue as usual with the exception of Pay Dockings. Beginning with FY12, the creditable compensation amount should not be reduced when regular pay has been docked. The guidelines are as follows (**based on pay period and not month as previously instructed**):

**If the pay dock leaves the employee with any earnings eligible for retirement credit for the pay period:**

- Compute Retirement, Buyback and Retiree Credit deductions as if there had been **no reduction in pay**. This means that the employee will pay 5% based on the full salary rate instead of the amount of pay they actually received.
- If Deduction 012 (Employee Retirement) cannot be withheld in its entirety from the partial payment, DO NOT calculate Retirement, Buyback or Retiree Credit deductions. Only Group Life and LTD deductions should process. CIPPS will not calculate deduction 012, 017 or 043 (Employee Retirement and Buyback Deductions) if they cannot be taken in full. Overrides will be required to stop the employer-paid retirement deductions from processing. **Do not collect from the employee at a later date.**

**If the full pay period is docked:**

- DO NOT compute Retirement or Retiree Credit deductions. Only Group Life and LTD deductions should process.

**NOTE: Only reductions caused by Pay Dockings are subject to these rules. A pay reduction/increase resulting from a mid-pay period start date, termination date or salary adjustment will continue to adjust the creditable compensation.**

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## Coming Soon - Other Transactions Affecting Retirement Contributions

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**Partial Payments, VSDP and Non-Routine Transactions** A separate Payroll Bulletin will be issued shortly containing details for processing options available with regard to Partial Payments, VSDP, and Non-Routine Payrolls and their impact on Retirement Deductions, Report 869 and VRS Reporting.

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## Special Pay 075, Dock & Ben and Special Pay 076, Pay Dock

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**Data Entry** Special Pay 075 (Dock & Ben) can be used to reduce regular pay without reducing the base amount that is used to calculate Retirement, Buybacks and Retiree Credit Deductions. (No deduction overrides are required.)

Special Pay 076 (Pay Dock) can be used to reduce regular pay and will also reduce the base amount that is used to calculate Retirement, Buybacks and Retiree Credit Deductions.

These transactions should be entered on the HUE01 screen. The tax, check and deduction indicators should all be zeros and a flat amount (the amount that is being **reduced**, two decimal places) must be entered in the amount field. **DO NOT** key a minus “-“ in the adjustment indicator. These special pays are reductions, not payments.

The employee must be established on HOBID with a timecard status of “1” (automatic) in order for Special Pay 075 and Special Pay 076 to work.

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## New Calculation Spreadsheets

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**Partial Pay Calculations** A new calculation spreadsheet has been added to the website that will help calculate partial payments. This spreadsheet will also calculate the proper retirement benefits based on the information you provide.

**Retirement Benefit Calculations** A new calculation spreadsheet has been added to the website that will aid in the calculation of retirement benefits for a given creditable compensation amount.

The new spreadsheets can be found under the heading “Calculation Spreadsheets” on our website at:

[http://www.doa.virginia.gov/Payroll/Forms/Payroll\\_Forms\\_Main.cfm](http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm)

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## Employees with Retirement Buyback

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### New Report

Report 822, EMPLOYEES WITH BUYBACK ENDING WITHIN 30 DAYS, will automatically be generated with each pay processed beginning with the 7/10-24/2011 payroll. Report 822 includes employees who are participating in the VRS buyback program and have an end date (if entered) that is within 30 days of the date of the report. Deductions 017 and 043 are used for the buyback program and are on the H0ZDC screen. DOA recommends that these deductions be updated to reflect the deduction's end-date fields.

This report should be used to identify buyback contracts that are approaching closure. Upon meeting the closure date, be sure to enter the associated NON-buyback retirement code on HMCU1. Retirement plan codes need to be accurate for reporting to VRS as well as to ensure deduction rates/values are appropriately updated when entering a new fiscal year.

Please contact J. R. Rodgers [john.rodgers@doa.virginia.gov](mailto:john.rodgers@doa.virginia.gov) if you should have any questions concerning this report.

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## Use of LT Retirement Code

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### Proper Use of LT

The retirement code of LT is to be used when ALL VRS benefit deductions should be deactivated. Typically this would be when an employee terminates or goes into a Long-Term Disability status.

Do not use a retirement code of LT to deactivate deductions and then activate Group Life Insurance for WTA or Military LWOP status employees. The code of LT does not correspond to a particular employer code (e.g. 3-0151) with VRS and therefore any deductions calculated will not get reported to VRS.

If you need to calculate only Group Life, leave the Retirement Indicator on the HMCU1 as it is and change the frequency to 00 on H0ZDC for the deductions you do not want calculated.

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## Deferred Comp Enrollment for Employees Re-Hired from WTA-Status

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### Manual Enrollment

Employees who took either a partial or full distribution from their deferred compensation plan account while on WTA status and who are rehired by their original agency or any agency of the Commonwealth must complete a paper enrollment form and submit to ING for processing if they wish to restart their contributions to the deferred compensation plan. Contributions will restart when a transaction is sent by ING through the automated update process.

Employees returning to employment from WTA status who did not take a distribution from the Plan may restart contributions by giving the Payroll Authorization/Agency Transfer and Employee Return to Work form to their payroll office. Once processed, the payroll office must fax the form to ING at the fax number provided on the form.

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