

Department of Accounts

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the Payroll
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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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IRS Guidance for Lost W-2s

Guidance

W-2s are available on Payline for employee retrieval for five years from the date the W-2 is distributed. However, in the event that your agency needs to implement a policy regarding replacement of lost forms, please keep in mind the following IRS guidance:

- The IRS allows you to charge a nominal fee for copies of W-2s.
- Duplicates may be sent within a reasonable amount of time. If employees know that it takes a week or two, they'll be more likely to find it on their own in Payline.
- To allow time for mailed copies to reach their destination, the IRS counsels employees to wait until at least February 17 before requesting a duplicate.

New Field on HMCU1 – VSDP Indicator

Review

VRS has changed their policy regarding employer contributions for the VSDP program as stated in [Payroll Bulletin 2012-17](#). Line agencies will be billed for employer LTD (Long Term Disability) contributions based on employee *participation, not eligibility*, in the VSDP program.

The HMCU1 screen has been modified to include a “VSDP Indicator” as a result of this change. A value of “Y” or “N” is required in the VSDP Indicator field when a VSDP-eligible retirement plan code is entered on HMCU1. If nothing is entered, the user will receive a message that the default value of “Y” will be used and the appropriate LTD deduction will be established on H0ZDC. If a value of “N” is entered, the LTD deduction (Deduction 136 or 144) will either be deactivated or not established on H0ZDC.

Initial Population of the VSDP Indicator Field

Initial Population Process

On January 30, 2013, DOA used data provided by VRS to determine VSDP participation. Based on this information a conversion program was run to populate the VSDP Indicator on HMCU1 and deactivate the LTD deduction on H0ZDC as appropriate.

Agencies should review the results of the conversion taking into consideration the following:

- The VRS data is from October 2012. Employees hired after October were defaulted to a value of “Y” in the VSDP Indicator unless the agency uses CIPPS Leave and the VSDP Participant Indicator on HPIUS was an “N”.
- VRS derived their information based upon those employees who opted out of the VSDP program when it was initially offered (January 1999). However, if the employee had a break in service and was rehired policy mandates that they must participate in VSDP. In these cases *VRS may have these employees incorrectly stated as a Non-VSDP Participant.*
- If the retirement plan code is not eligible for VSDP (EO, BE, FI, FN, J1, JN, B1, BJ, CN, CP, TA, TN) then the VSDP Indicator will be blank.
- If the new VSDP Indicator is not correct in CIPPS, simply retype the Retirement Plan code on HMCU1 and then change the VSDP Indicator. *Additionally, the employee record in VNAV must be corrected.*

Discrepancies between CIPPS and VNAV will be readily identified starting with the February 2013 Automated VRS Reconciliation. As CIPPS charged LTD for all eligible employees prior to this enhancement, the October through January reconciliations will invoke a refund for those expenses charged for nonparticipants. The automated IAT will refund the expenditures to the default coding for the agency.

VRS Processing for Adjustments that Occurred Prior to October 2012

Handling Prior Adjustments

As explained in Payroll Bulletin 2013-02, the VRS Automated Reconciliation process will ensure that the dollar amounts collected in CIPPS during the month match the billing amount generated from the confirmed Snapshot file in VNAV.

Retroactive adjustments that are effective after October 2012 will increase/decrease the billing amounts on the Snapshot file and the agency will be charged/credited for the change unless the proper retroactive adjustments were made in CIPPS. However, when an adjustment is necessary to an employee’s record for a period before October 2012, VRS must be contacted directly to manually update the employee’s record in VNAV so that the adjustment is included in Snapshot file.

Special Considerations for ORP-Eligible Employees During the Election Period

Processing Reminders

Agencies should continue to use [VRS Modernization Working Examples V1, V2, V3 and V4](#) (as updated 11/6/2012) when establishing employees who are eligible for an ORP Retirement Plan. However, it is important to understand that these employees will not appear on the Snapshot file in VNAV immediately.

If the employee chooses an ORP during the Election Period:

VRS will manually add the employee to the Snapshot file retroactively when they receive Form VRS-65. There may be a lapse between the time that you start collecting the Group Insurance and Retiree Credit contributions in CIPPS and the time that VRS actually adds the employee to the Snapshot file. If this occurs, agencies will receive an exception on the VRS Automated Reconciliation reports and an automated IAT will be produced crediting the agency with the Group Insurance and Retiree Credit contributions for that month. When the employee is later added to the Snapshot, the bill will include amounts due for the prior months. Agencies should leave the credits in the agency default coding until the retroactive charges are processed. If the collections are done properly in CIPPS, the amounts will net to zero once the employee is added to the Snapshot.

If the employee chooses the VRS Plan During the Election Period:

If VRS does not receive form VRS-65 (Election to Participate Optional Retirement Plan for Higher Education) within 60 days or a VRS-65C (Election to Participate Optional Retirement Plan for Political Appointees) within 30 days, they will enroll the employee in the VRS Retirement Plan retroactively to the first month of eligibility. An employee may choose the VRS Retirement Plan at any time during the election period; however, VRS will not add the employee to VNAV until the mandated election period for the employment type has passed. If the employee chooses the VRS Plan during the election period begin collecting the CIPPS contributions immediately. However, there will be a lapse between the time you start collecting the retirement contributions in CIPPS and the time that VRS actually adds the employee to the Snapshot file. Agencies will receive an exception on the VRS Automated Reconciliation reports and an automated IAT will be produced crediting the agency for the retirement contributions collected. **DO NOT REFUND THE EMPLOYEE RETIREMENT CONTRIBUTIONS TO THE EMPLOYEE.** Simply leave the credit IAT amounts in the agency default coding until the retroactive charges are processed by VRS through the Snapshot file. If the collections were done properly in CIPPS, the amounts will net to zero once the employee is added to the Snapshot.