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

State Payroll Operations

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Roth 403(b) Annuity Option

Overview

Employees in qualifying positions at higher educational institutions or qualifying education agencies are currently eligible to make tax-sheltered contributions through payroll to §403(b) annuities as defined in the employing agency's Plan Document. Effective July 1, 2015, eligible employees may also elect to make contributions to a Roth §403(b) annuity through payroll deductions. These contributions are post-tax in nature.

As with existing tax-sheltered annuities, FBMC is the administrator for Roth post-tax contributions. The new deduction will be included in the FBMC enrollment/changes file beginning with the pay period of June 25 through July 09, 2015.

Deduction 043

For those applicable agencies, deduction 043 has been established to accommodate post-tax annuity contributions. In addition, changes have been made to the existing annuity and cash match deduction names to better associate them with the tax-sheltered annuity program. Effective July 1, 2015, these deductions will be named:

Deduction 039, PRETX403
Deduction 043, ROTH 403
Deduction 046, 403MATCH

Report Changes

The addition of the Roth 403(b) annuity deduction impacts several existing reports. In addition to the standard system reports, deduction 043 will appear as a line-item on the following reports:

Report U002, SUSPENSE RECONCILIATION REGISTER
Report U023, SUMMARY OF PAYROLL EXPENDITURES
Report U147, MISC INS/ANNUITY/FEE UPDATE LISTING
Report U149, CASH MATCH (DED 45 + 46) DISCREPANCY LISTING

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Roth 403(b) Annuity Option continued

Deduction Goal and Shared Deferral Limit

Regardless of whether annuity deferrals are made pre-tax or to a Roth post-tax plan, the total of all annuity deferrals for an employee cannot exceed the limits set for IRS §403(b) plans. For 2015, the deferral limits are as follows:

Normal Limit	$18,000
Age 50 catch-up:	$6,000
15-year catch-up:	$3,000

Because it is possible for an employee to have only the pre-tax annuity or only the Roth annuity, each deduction will be established in CIPPS with the full limit set as its deduction goal. This means, however, that any employee having both pre-tax and post-tax annuity deductions may potentially exceed the annual contribution limit. CIPPS does not provide a means to apply a single limit across multiple deductions. It is the responsibility of the employing agency to monitor contributions and ensure that deferral limits are not exceeded for any employee during the calendar year.

Cash Match

CIPPS will automatically establish or change the cash match deduction 046, 403MATCH, based on the total of the two deductions. If either annuity deduction (or both) is a percentage, the cash match will be established at the maximum pay period value according to the number of pays on the employee's H0BUO screen.

Supplemental Insurance Fee

Deduction 054

The Department of Accounts (DOA) is authorized to charge employees a mandatory administration fee of up to 15 cents for each payroll deduction administered under the Supplemental Insurance and Annuities program. Effective July 1, 2015 (July 16, 2015 pay day) this fee will be applied to each employee with an active deduction 041, POST TAX. At this time the fee will not be applied to Deduction 039, PRETX403. **Reimbursement by the employing agency is prohibited.**

The DOA administration fee will be collected using deduction 054, SUPINSFEE. As necessary, deduction 054 will be established/deactivated in CIPPS as part of the FBMC change file processing. However deduction 054 is an internal fee and will not be included on report U147 which is specific to *FBMC* Annuity and Miscellaneous Insurance deductions.

Each employing agency must notify affected employees no later than May 15, 2015 so that the employee can make alternative payment arrangements with the insurance vendors if desired.