

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

July 25, 2006

TO: State and County Department Heads

FROM: David Shimabukuro, Administrator

A handwritten signature in black ink, appearing to read "David Shimabukuro".

SUBJECT: Servicemen's Act

Act 169/2006 amended the Servicemen's Act for members in the Contributory and Hybrid retirement plans who are called to active military duty. The law set a deadline for payment of contributions by the employer on behalf of the member, and requires the ERS to assess State and County departments 4 ½% interest (compounded annually) on contributions not received within 60 days of the member's return to service or the date of the member's death in performance of the member's military duty. As a result, we have implemented the following procedures:

Upon return of member:

1. Department to send to ERS within 30 days of member's return to work the notice of personnel action document (e.g., SF-5) showing the leave date and the return date or certificate of death.
2. Department to provide a copy of member's DD-214, verification from the Office of Veteran's Affairs or commanding officer of the actual date the member was on active duty. The ERS cannot accept the Orders that the member received as it may not have the actual date that the member was placed on active duty status.

Upon ERS receiving the documents from the department:

1. ERS will determine member's eligibility for the Servicemen's Act.

If eligible: ERS will inform the department of the contribution amount owed.

Payment must be received within 30 days from the date of the invoice sent to the department.

If not eligible: ERS will inform the member with a copy to the department.

We appreciate your assistance in informing the ERS timely and your continued support of our retirement program.

c: Personnel officers

SERVICEMEN'S ACT FAQ'S

1. Are contributions required for the 90 day period beyond the employee's release from active duty (for employees who elect to delay their return to work)?
Yes, so long as the employee returns within 90 days of their release, contributions will be required for this period also.
2. When does the 30 day period that the department has to provide ERS with the required documents begin?
30 days from the date of the member's return.
Example: Military discharge on 09/01/08, Remains on leave until 10/31/08, returns to work on 11/01/08 (required documents would need to be submitted by 12/01/08)
3. Who will the bill for contributions be sent to?
It will be sent to your Department's payroll section. If you would like ERS to send it elsewhere, please inform us where and to whom you would like the bill sent.
4. If the employee does not provide the DD-214 to his/her department in a timely manner will the department be penalized for the delay?
No, the department will not be penalized, as long as they can show that an effort to submit all requirements to ERS was done on a timely basis and that the delay was strictly due to the employee.
5. For returning military leave employees who went on leave prior to July 1, 2006 and did not have the opportunity to make an election to join the Hybrid plan, when does the 30 day period that the department has to turn in the Hybrid election form begin?
From the day the employee submits the form to the department (employee has 30 days to make an election from the date of return to service).
6. Should all the forms (Hybrid election, beneficiary, personnel action form, DD-214) be sent together?
Yes, if possible.
7. Are there any forms the employee needs to complete?
No.
8. For past military leaves that were not reported, will the department be penalized?
No. In the past it was left up to the member to contact ERS and submit the required documents directly to ERS.
9. Should we send out a notice to all employees who may have past military service so that they may file a claim and how should this past military service claim be handled?
It would be a good idea to send out a notice. The department should handle these claims the same as a current claim (submit notification of personnel action and DD-214 to ERS). Once documents are received by ERS, a bill will be generated and the department would have 30 days in which to pay the invoice.