

The following are supplemental Qs & As relative to the PTS Deferred Compensation Plan. These Qs&As are intended to assist Personnel and Administrative Officers who are responsible for ensuring compliance with the PTSDC Plan requirements and **not** for general dissemination to employees.

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
PTS DEFERRED COMPENSATION RETIREMENT PLAN
QUESTIONS & ANSWERS SUPPLEMENT #1 FOR DPOs

CHANGES/ERRORS/CORRECTIONS¹

28. *We hired a temporary employee (appointment is less than 3 months) on October 15, 1997 and correctly enrolled her in the PTS Plan. On November 10, 1997, the employee was converted to a probationary appointment. But, her retirement code was inadvertently not changed from "NK" to "1C". The mistake was not discovered until January 9, 1998, so the correction will affect the previous calendar year. What should we do?*

A28. The following steps should be followed:

1. Complete an SF-5, or equivalent document to change the Retirement/FICA code from "NK" to "1C" (or whatever the appropriate retirement code is for the employee) retroactive to November 10, 1997.
2. Call Mid-America/Life Insurance Company of the Southwest (MA/LSW) to process an "administrative distribution" of the PTS funds. MA/LSW will send you a form to complete and will process an administrative distribution to the employee. This will cover the period November 10, 1997, to December 31, 1997. (MA/LSW's phone number is 1-800-430-7999 and they are located in Florida.)
3. Complete a D-70 to process a "Social Security buy-back" for the employee for the period November 10, 1997 to January 15, 1998 (if the correction is to be made on the January 31, 1998 payroll) and to refund the PTS funds for the period January 1, 1998 to January 15, 1998. (Note: see your DAGS Accounting Manual, Volume 3, Section 767, Payroll Adjustments, for the correct procedure to follow for a "Social Security buy-back".)
4. Inform the employee her W-2 will be amended and forwarded to her.

Q29. *We hired a temporary employee (appointment is less than 3 months) on September 5, 1997 and erroneously used the "1C" Retirement/FICA Code, instead of "NK". The mistake was not discovered until February 2, 1998. What should we do?*

A29. The following steps should be followed:

1. Complete an SF-5, or equivalent document to change the Retirement/FICA Code from "1C" to "NK" effective September 5, 1997.
2. Complete a D-70 to refund the Social Security tax and adjust the PTS deduction retroactive to January 1, 1998. Note: The D-70 will not be retroactive to September 5, 1997, only to January 1, 1998. Therefore, W-2's will not be amended.
3. Be sure the employee receives a PTS Employee Information Booklet

Q30. *We hired a temporary employee (appointment is less than 3 months) on March 3, 1997 and correctly coded him "NS" on the SF-5. On May 30, 1997, the employee was converted to a probationary appointment. But, when the PTS Plan was implemented (on July 1, 1997), the employee was inadvertently enrolled in the PTS Plan and the mistake was never detected. The employee terminated employment with the State on September 30, 1997. It's now 1998, and the employee called asking about the PTS deductions from July through September. He is requesting that the error be corrected so he will receive the proper Social Security credits. Since the employee terminated and the error occurred in 1997, what should we do?*

A30. The following steps should be followed:

1. Complete an SF-5, or equivalent document to change the Retirement/FICA Code from "NK" to "1C" (or whatever the appropriate retirement code is for the employee) retroactive to May 30, 1997.
2. Process an "administrative distribution" (see Q&A #28) to refund the erroneous PTS deduction covering the period May 30, 1997 to September 30, 1997.
3. Collect the correct amount of Social Security tax from the employee, covering the period May 30, 1997 to September 30, 1997.
4. Process a D-70 to correct the social security wages/tax and attach the employee's check to the D-70. (See your DAYS Accounting Manual for further instructions on collecting money from employees.)
5. Inform the employee that his W-2 will be amended and forwarded to him.

1/ The Department of Education and University of Hawai'i departments should follow the change/error/correction procedures provided by their respective offices.