Manoa Personnel Officers Quarterly Meeting
Kuykendall Auditorium
April 19, 2007

Highlights
- Internal Revenue Code revision will once again allow the deferral of vacation payments after separation from employment.
- 457 & 403(b) post separation program deferral programs being developed.

457 Deferred Compensation – Post Separation Vacation Deferral
- HRD is working to re-establish a program to allow employees to defer vacation payments after separation from employment.
  - Program will impact all employees separating from employment with UH.
  - Effective date tentatively June 2007.
  - Changes to the State's Payroll system must be completed to allow the 457 deferral deduction.

457 Deferred Compensation – Post Separation Vacation Deferral
- Employee must:
  - Complete a Request for a Post-Separation Vacation Pay Deferral to the State of Hawai'i Deferred Compensation Plan form by the last day of employment.
  - Fax a copy of the Request form to CitiStreet and submit a copy of their final pay statement. Work with CitiStreet Honolulu Office on the deferral calculation.

457 Deferred Compensation – Post Separation Vacation Deferral
- Employee must (cont.):
  - Complete Post Separation Vacation Payout Deferral Change Form and submit to CitiStreet.
  - Deferral election may be done after separation from employment.

457 Deferred Compensation – Post Separation Vacation Deferral
- PO/AO must:
  - Advise the employee of the program.
  - Upon notification calculate the dollar amount of vacation payout and determine the payout date.
  - Process the vacation G-2 timely.
457 Deferred Compensation – Post Separation Vacation Deferral
- IRS Regulations require that the vacation payout be made within 2-1/2 months of separation.
- Forms, deadlines and instructions will be distributed as soon as they become available.

457 Deferred Compensation – Early Vacation Payout
- HRD anticipates continuing to offer the option of the Early Vacation Payout program
  - Allows retiring employees a choice of sheltering vacation payment prior to separation from service
  - Information on program continuation beyond July 2007 will be announced shortly

457 Deferred Compensation – Early Vacation Payout
- Retiring employees may choose to participate in both programs
  - Employees retiring at or near the end of the calendar year may take advantage of the deferral limit for two calendar years.
  - Example: Retire 12/28/07
    - Early Vacation deferral utilizes 2007 MAC
    - Post Separation deferral utilizes 2008 MAC

403(b) Tax Deferred Annuity – Post Separation Vacation Deferral
- The University is developing a post separation vacation deferral program.
  - No changes are required to the State’s Payroll system for implementation.
  - We are developing a unique deferral form, deadlines and instructions.

403(b) Tax Deferred Annuity – Post Separation Vacation Deferral
- Employee must:
  - Complete a request form by the last day of employment.
  - Notify their agent/investment advisor.
  - Complete a post separation vacation deferral change form and submit it to OHR.
  - Deferral form may be completed after separation from employment

403(b) Tax Deferred Annuity – Post Separation Vacation Deferral
- PO/AO must:
  - Calculate the dollar amount of the vacation payout and determine the payout date.
  - Process the vacation G-2 timely.
  - Work with OHR to coordinate
403(b) Tax Deferred Annuity – Post Separation Vacation Deferral

- IRS Regulations require that the vacation payout be made within 2-1/2 months of separation
- Forms, deadlines and instructions will be distributed shortly.

403(b) Tax Deferred Annuity – Early Vacation Payout

- The University has reached agreements with the HGEA, UHPA & UPW on an Early Vacation Payment program
  - Allows retiring employees a choice of when to shelter their vacation payment.
  - If the employee retires at or near the end of the calendar year, the employee may take advantage of the deferral limit for two calendar years.

403(b) Tax Deferred Annuity – Early Vacation Payout

- Example: Retire 12/28/07
  - Early Vacation deferral utilizes 2007 MAC
  - Post Separation deferral utilizes 2008 MAC
- Implementation will be formally announced shortly with forms, instructions and deadlines.