

Prepared by the Office of Human Resources.
This replaces Administrative Procedure No. A9.370 dated April
1986.

April 2010

LEAVES

A9.370 RETIREMENT SYSTEM CONTRIBUTIONS WHILE ON UNPAID PROFESSIONAL IMPROVEMENT OR EDUCATIONAL LEAVE

1. Purpose

To provide uniform procedures for employees in the contributory or hybrid retirement plan to acquire service credit for the period of unpaid professional improvement or educational leave, pursuant to Section 88-51, Hawai'i Revised Statutes (H.R.S.). Eligible employees may acquire service credit for the period of unpaid leave provided that they make contributions to their contributory or hybrid retirement plan at the full-salary rate.

2. References

HRS §88-21 provides a definition for "Service": service as an employee paid by the State or county, and also: service during the period of a leave of absence or exchange if the individual is paid by the State or county during the period of the leave of absence or exchange; and service during the period of an unpaid leave of absence or exchange if the individual is engaged in the performance of a governmental function or if the unpaid leave of absence is an approved leave of absence for professional improvement; provided that, for the period of the leave of absence or exchange without pay, the individual makes the same contribution to the system as the individual would have made if the individual had not been on the leave or absence.

HRS §88-45 provides that each class A and class B member shall contribute seven and eight-tenths percent of the member's compensation to the annuity savings fund.

HRS §88-51 provides membership service includes "service while engaged in professional improvement pursuant to an approved leave of absence for that purpose, with or without pay."

HRS §88-325 provides that each class H member shall contribute six percent of the member's compensation to the annuity savings fund.

3. Applicability/Responsibility

- a. This procedure applies to University personnel participating in the contributory or hybrid retirement plan who take a leave of absence without pay for the purpose of professional improvement or education and want to acquire service credit.
- b. This procedure does not apply to personnel in the contributory or hybrid retirement plan who take a leave of absence with pay (full or half pay) for the purpose of professional improvement or sabbatical. These employees continue to make the required contributory or hybrid retirement plan contributions to the Employees' Retirement System (ERS) and will receive full service credit. The pay an employee receives during this leave will be considered 100% of the employee's compensation. Therefore, employees on leave with half pay may not make voluntary contributions on the difference between their regular and reduced professional improvement or sabbatical leave compensation in order to increase their compensation that is credited for pension purposes.
- c. This procedure does not apply to personnel in the non-contributory retirement plan. These employees will receive full service credit for the period of unpaid leave for professional improvement or education; there is no service to acquire.
- d. Vice Presidents, Chancellors, Associate Vice Presidents, Vice Chancellors, Deans and Directors at Mānoa, State Director for Career and Technical Education or their designee (henceforth personnel representative) are responsible for issuing the appropriate election form to the affected employee.

4. Procedures

- a. Each employee who takes an unpaid professional improvement or educational leave shall be offered the opportunity to acquire service credit for the period of unpaid leave, provided that the employee make the same

contribution to the ERS as if the employee had not been on leave.

- b. The personnel representative shall, upon the employee's return from unpaid leave, provide the UH Form 94, Retirement Contribution Election While on Professional Improvement/Educational Leave Without Pay (see attachment 1), to the employee. The employee shall complete the UH Form 94 and return the document to the personnel representative.
- c. There is no deadline to claim/purchase the service credit; however, payment must be completed prior to the employee's retirement/termination.
- d. The cost to acquire the service is based on the salary at the time of the leave and the applicable retirement contribution rate. The method of payment is by lump sum (personal check or from funds transferred from a tax sheltered annuity and/or deferred compensation plan) or payroll deduction.
- e. When an employee requests to acquire service, the personnel representative shall submit the cover letter (see attachment 2), Payroll Notification Form (PNF) documenting the leave without pay for professional improvement or education, and UH Form 94 (see attachment 1) to the ERS. Copies of the documents shall be provided to the employee.
- f. The ERS shall provide the employee the Purchase of Service Credit Form (EC&B 26) that indicates the purchase cost, instructions, and the Salary Assignment/Cancellation (Form D-60), if applicable.

NOTE: The procedures for tax shelter institutions to transfer funds from 403(b) and 457 plans for the purchase of service credit may be viewed on the ERS website under publications www.hawaii.gov/ers.

- g. For an employee purchasing service credit by payroll deduction, the amount paid will be in addition to the normal required contributions to the ERS. The monthly contribution amount shall be at least \$50 and the deduction period shall not exceed 12 months. The ERS will work with the employee in determining the monthly dollar amount and the number of deductions. The

payroll deduction will start approximately one (1) month after the Form D-60 is processed.

- h. The employee shall contact the ERS for assistance if planning to make a partial purchase or to acquire service using a combination of payment methods.

**Retirement Contribution Election
While on Professional Improvement/Educational Leave Without Pay
(For Contributory or Hybrid Retirement Plan Members Only)**

Name: _____

Home Address: _____

Title: _____ Work Phone No.: _____

Campus/College: _____ Home Phone No.: _____

Period of Unpaid Professional Improvement or Educational Leave:

From _____ to _____

In accordance with HRS § 88-21, personnel on an approved unpaid professional improvement leave may claim service credit for the period of the leave, "provided that, for the period of the leave of absence or exchange without pay, the individual makes the same contribution to the system as the individual would have made if the individual had not been on the leave of absence." Cost to acquire the service is based on the salary at the time of the leave. All payments to purchase service must be made prior to the retirement/termination.

Personnel on professional improvement or educational leave without pay shall elect one of the following:

1. _____ I elect to purchase service credit for the period of my professional improvement or educational leave without pay and make contributions to the State Employees' Retirement System (ERS) based on a percentage of the full-salary rate at the time of the leave. The method of payment shall be:

- a. _____ Lump Sum Payment
- b. _____ Payroll Deduction

2. _____ I do not elect to claim service credit for the period of my unpaid professional improvement leave and will not make additional retirement contributions for that period of leave.

Signature of Employee

Date

Cover Letter

TO: State of Hawaii Employees' Retirement System
FROM: (Name of Personnel Representative), Title,
University of Hawai'i, Campus/College
SUBJECT: Request to Purchase Service Credit

Employee's Name: _____

Period of Unpaid Professional Improvement or Educational
Leave:

From _____ to _____

The employee has returned from unpaid professional improvement or educational leave and has elected to purchase service credit for the above period of leave. Enclosed is the Retirement Contribution Election Form (UH Form 94) that indicates the payment method to acquire the service.

Signature of Personnel Representative

Date

Enclosures: PNF
UH Form 94