
SAFETY WELFARE AND BENEFITS

A9.700 ERS SERVICE CREDIT FOR PREVIOUS MILITARY SERVICE

1. Purpose

To provide uniform procedures for eligible employees to acquire military service credit for the State Employees' Retirement System (ERS) in accordance with provisions of Section 88-132.5, Hawai'i Revised Statutes (H.R.S.).

2. Definitions

403(b) Tax Deferred Annuity program (TDA) and 403 (b) Tax Shelter Annuity (TSA) are voluntary retirement savings plans under section 403 of the Internal Revenue Code (IRC).

457 Deferred Compensation plan is a voluntary retirement savings plan under section 457 of the Internal Revenue Code (IRC).

3. Objective

To establish procedures for eligible employees to acquire military service credit for the ERS.

4. Applicability

- a. This instruction applies to all ERS eligible employees of the University of Hawai'i.
- b. Any employee who rendered honorable active military service in the armed forces of the United States can acquire up to 4 years of membership service for the military service as follows:
 - A member with 8 years of credited service with the ERS can acquire up to 2 years of military service if hired before June 18, 1996.
 - A member with 10 years of credited service with the ERS can acquire up to 2 years of military service if hired after June 17, 1996.

- A member with 20 years of credited service with the ERS can acquire up to 3 years of military service.
 - A member with 25 years of credited service with the ERS can acquire up to 4 years of military service.
- c. Military service in the reserve or National Guard is not considered active military service unless the service occurred in time of war or declared a national or State emergency. Reservists and members in the National Guard are able to acquire military service for training during the times of war or declared national emergencies under the call of the President of the United States or the Governor of the State.
- d. An employee's active military service is considered service in the employee's occupation and percentage of full time equivalence (FTE) at the time the service is credited and provides a corresponding retirement benefit.
- e. Any retiree from the State, who returns to service and reenrolls as a member of the ERS, can acquire military service credit as specified above. The employee must have at least 3 years of credited service in the ERS during the reemployment period to acquire military service credit. The retiree's total credited service shall serve as the basis for determining the amount of military service that can be acquired.
- f. If an employee was eligible to acquire military service when enrolled in the Noncontributory Plan, the military service will be credited as Noncontributory service at no cost.
- g. If an employee was eligible to acquire military service when enrolled in the Contributory Plan, each month of military service must be purchased based on the contribution rate of 7.8% of the employee's current monthly salary, unless the service occurred prior to July 1, 1961, in which case, the contribution rate would be 6.0%.
- h. If an employee was eligible to acquire military service after joining the Hybrid Plan, each month of military service must be purchased based on the contribution rate of 6.0% of the employee's current monthly salary.
- i. The payment of contributions to ERS is required within 60 days of notice.

5. Responsibilities

Employees are responsible for submitting the appropriate forms to ERS.

6. References

Section 88-132, H.R.S.
Section 88-132.5, H.R.S.
Executive Policy E9.212 Military Leave
Uniformed Services Employment and Reemployment Rights Act
(USERRA) of 1994
Title 38 of the United States Code

7. Guidelines

a. Acquiring Previous Military Service Credit

1. An employee electing to acquire previous military service credit shall submit the Form 1551, Request to Acquire Previous Military Service Credit (Attachment 1), and a copy of the Armed Forces of the United States Report of Transfer or Discharge (DD214) or any other appropriate documents, to the ERS.
2. ERS shall determine the employee's eligibility. If the employee is eligible, ERS shall prepare the Purchase of Service Credit Form (EC&B 26) (Attachment 2). The employee shall receive instructions on how to purchase the service credits.

b. Purchase Options

1. The employee may purchase service credit either by lump sum payment or by payroll deduction.
2. Payment may be made in the form of a personal check or from funds transferred from a 403(b) Tax Deferred Annuity program (TDA), 403(b) Tax Shelter Annuity (TSA) or 457 Deferred Compensation Plan.
3. Payment election shall be made on the EC&B 26 form (Attachment 2). (a) Personal check or (b) Transfer of tax sheltered funds
 - a) Personal check - Self explanatory
 - b) Transfer of tax sheltered funds - employee shall contact the TDA/TSA agent, the TDA/TSA provider, or the 457 plan administrator for assistance.

1. Employee shall forward the completed EC&B 26 form, Procedures for Transfer of Funds from 403(b) and 457 plans(Attachment 4), ERS Contact and Wire Instructions Sheet(Attachment 5), and the Facsimile Transmittal Sheet(Attachment 6)(Attachments 2,3,4,5 & 6 are provided by ERS) directly to their TSA/TDA or 457 providers.
4. Payment must be made to the ERS within 60 days from the date of the EC&B 26 notice. Otherwise, the payment amount shall be recalculated based on the employee's current salary.
5. For an employee electing to purchase service credit via payroll deduction, the contribution amount shall be based on the actual monthly salary and the retirement contribution rate. The total amount paid shall depend on any salary changes within the period of purchase and shall be in addition to the normal required contributions to the ERS.
 - a) Select Payroll method on the back of the EC&B 26 form (Attachment 3).
 - b) Deductions shall start approximately one month after ERS receives the signed documents. The deduction period shall not exceed 60 months.
6. ERS will send a confirmation of receipt of funds to the employee.

Form 1551
Rev. 9/99

EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980

REQUEST TO ACQUIRE PREVIOUS MILITARY SERVICE CREDIT

A member who rendered honorable active military service in the armed forces of the United States can acquire up to four years of membership service credit for the military service as follows:

- A member with 8 years of credited service with the Employees' Retirement System (System) can acquire up to 2 years of military service if hired before June 18, 1996.
- A member with 10 years of credited service with the System can acquire up to 2 years of military service if hired after June 17, 1996.
- A member with 20 years of credited service with the System can acquire up to 3 years of military service.
- A member with 25 years of credited service with the System can acquire up to 4 years of military service.

Any retiree who returns to service, is reenrolled as a member of the System, and has at least 3 years of credited service in the System during the reemployment period, can acquire military service as specified above.

Active military service in the Reserve or National Guard is not considered active military service unless the service occurred in time of war or declared national or State emergency.

Name _____ S.S. No. _____

Name used while in the service, if other than above _____

Mailing Address: _____

Telephone Number: Business _____ Home _____

Branch of Service _____

Period of Military Service _____ to _____

Present Monthly Salary \$ _____

If you filed a retirement application, please indicate the effective date of retirement _____

A COPY OF YOUR DD214 (Armed Forces of the United States Report of Transfer or Discharge) OR ANY OTHER ACCEPTABLE DOCUMENT MUST BE ATTACHED.

Date _____

Signature _____

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM
City Financial Tower, 201 Merchant Street, Suite 1400, Honolulu HI 96813
Ph: 586-1735 or (800) 468-4644, ext. 61735 (Neighbor Islands)

PURCHASE OF SERVICE CREDIT

June 29, 2007

John Doe
111 Aloha Way
Honolulu, HI 96813

S. S. No. xxx-xx-xxxx
Entity: State

Credited Service: General Employee 105 month(s) **Amount: \$36,855.00**
Based on salary of \$4,500.00

You may purchase your service by the following methods:

- (1) LUMP SUM PAYMENT
- OR**
- (2) PAYROLL DEDUCTIONS (see page 2)

All payments to purchase service must be made prior to your retirement.

(1) LUMP SUM PAYMENT

Please indicate your method of payment and follow the instructions below:

___ (a) Personal check:

- Make check payable to: EMPLOYEES' RETIREMENT SYSTEM
- Complete and sign the bottom of this page
- Attach your check to this form and mail to our office in the enclosed self addressed envelope

OR

___ (b) Transfer of Tax Sheltered Funds

- Complete and sign the bottom of this page
- Forward this form and Attachment A** directly to your 403(b) Tax Shelter Annuity Agent, Tax Deferred Annuity Service Provider or 457 Deferred Compensation Plan Administrator. Wire transfer of funds is recommended. If payment by check, make check payable to: EMPLOYEES' RETIREMENT SYSTEM.

LUMP SUM payments must be received in the ERS office within 60 days of this notice; otherwise, your payment amount must be recalculated based on your current salary.

Employee's Signature _____ Date _____ Day Phone _____

Department _____ Division _____

=====FOR TSA AGENTS or TDA SERVICE PROVIDERS ONLY=====
Attachment A Transfer instructions are available at the ERS website www2.state.hi.us/ers/publications_and_forms.htm

===== FOR ERS ONLY =====
The Employees' Retirement System of the State of Hawaii is a qualified pension plan under the Internal Revenue Code section 401(a).

/rce/ ERS Authorized Signature

Date

COPY TO ATTACH TO YOUR CHECK OR TO FORWARD TO YOUR TAX SHELTER INSTITUTION

Name: John Doe S. S. No. xxx-xx-xxxx
Credited Service: General Employee 105 month(s)

(2) PAYROLL DEDUCTION (IRREVOCABLE AUTHORIZATION FORM)

This purchase qualifies for employer pickup contributions under the Internal Revenue Code, Section 414(h)(2) and tax deferral of these contributions requires this binding and irrevocable payroll deduction authorization.

If this method of payment is selected:

- Only the length of time for the recurring additional contributions will be fixed.
- Deductions will be based on your actual monthly salary and contribution rate. The total amount paid will depend upon any salary changes within the period of purchase and will be in addition to the normal required contributions to the Employees' Retirement System (ERS).
- A payroll deduction form will be sent to you and deductions will start about one month after receipt of this form.

ELECTION AND AUTHORIZATION

I hereby agree to and authorize pre-tax payroll deductions under the following conditions:

- Deductions shall be made from my salary, which will be in addition to the required normal contributions to the ERS, not to exceed 60 months.
- Changes to the percentage of my deductions shall be allowed, but I cannot cancel this agreement prior to completion of this purchase.
- For the period of this agreement, payments for this purchase can only be made by payroll deductions through my employer.
- This authorization shall remain in effect until all payroll payments under this agreement are completed or until my employment is terminated, whichever occurs first.
- I select the following payroll method: (Check only one)

_____ Additional contributions equal to normal monthly contribution for a period of month(s).

_____ Additional contributions equal to one-half of the normal contribution for a period of month(s).

Signature _____ Date _____ Day Phone _____

Department _____ Division _____

**RETURN THIS FORM TO THE ERS IF YOU ARE SELECTING
THE PAYROLL METHOD TO PURCHASE YOUR SERVICE CREDIT**

EMPLOYEES' RETIREMENT SYSTEM

Transfer of Funds from 403(b) Plans [Tax Shelter Annuity or Tax Deferred Annuity] and 457 Plans [Deferred Compensation] for the Purchase of Service Credit [Transfer to 401(a) Defined Benefit Plan]

PROCEDURES

These procedures and sample forms are intended for use by the 403(b) Tax Shelter Annuity Agents, Tax Deferred Annuity Service Providers and 457 Third Party Administrators. Please do not distribute the sample forms or banking information to our members.

1. Member requests to purchase service credit by submitting appropriate forms to the ERS
2. ERS provides the Member with **Form EC&B 26 (3/2003)** (*Form 26*) that provides the purchase amount
3. Member transmits the completed *Form 26* and Attachment A to the Tax Shelter Institution* (TSI), if the Member elects to purchase his/her service credits using 403(b) or 457 funds (item 1(b) of Form EC&B 26)
4. TSI processes the Member's request (in accordance with TSI's processing procedures, e.g. funds liquidation and transfer forms, approval of applicable forms with government agency, if applicable)

Funds transferred must be received in the ERS' bank account within 60 days of the date indicated on *Form 26* **and** prior to the Member's retirement. Wire transfer of funds is recommended. If payment is made by check, make check payable to the Employees' Retirement System.

5. Five days prior to the transfer of funds, the TSI will send the following via facsimile transmission to the ERS:
 - a. A completed facsimile transmission form, attached
 - b. A completed *Form 26* for each of the Members listed on the facsimile form
 - c. The total amount on the facsimile form must equal the total of the individual *Form 26*s.
6. ERS will send a confirmation of receipt of funds to the Member

See attached for ERS contact and wire information

* Tax Shelter Institution refers to 403(b) Tax Shelter Annuity Agents, Tax Deferred Annuity Service Providers and 457 Deferred Compensation Plan Administrators.

EMPLOYEES' RETIREMENT SYSTEM

**Transfer of Funds from 403(b) Plans [Tax Shelter Annuity or Tax Deferred Annuity]
and 457 Plans [Deferred Compensation]
for the Purchase of Service Credit**
[Transfer to 401(a) Defined Benefit Plan]

ERS CONTACT AND WIRE INSTRUCTIONS

Cash Management Section Contacts for Transfer of Funds Only:

Cullen Fujimoto	Supervisor	(808) 586-1725	Email: fujimotoc@hiers.org
Shigemi Nakamura	Account Clerk	(808) 586-1718	Email: nakamurae@hiers.org
Benita Manog	Accountant	(808) 586-1724	Email: manogb@hiers.org
	Facsimile Ph #:	(808) 586-2882	
	Alternate Fax Ph #:	(808) 586-1677	

Wire Instructions:

Tax Shelter Institutions should request for instructions through e-mail to all Cash Management Section personnel listed above.

Assistance on Purchase of Service or Retirement Benefits: (808) 586-1736

Assistance on Implementation of EGTRRA provisions:

Larry Wolfe (808) 586-1721 Email: wolfel@hiers.org

