Questions & Answers About

# Your Employees' Retirement System

## Hybrid Plan

Employees' Retirement System
of the State of Hawaii

## 1. What is the Employees' Retirement System?

The Employees' Retirement System of Hawaii (ERS) was established in 1925 to provide retirement allowances and other benefits to Hawaii State and County government employees. The ERS is directed by a Board of Trustees with certain administrative areas controlled by the State of Hawaii Department of Budget and Finance. The ERS:

- administers a retirement and survivor benefits program for State and County government employees;
- collects retirement contributions from State and County government employers, and Contributory and Hybrid Plan members;
- provides pre-retirement counseling services;
- conducts disability hearings and appeals;
- reviews claims for retirement, disability and death benefits, and certifies these benefits for payments;
- processes pension checks to retirees and beneficiaries;
- accounts for and safeguards assets in the ERS investment portfolio; and
- invests funds to help finance this program.

## 2. Am I required to be a member of the ERS?

YES. If you are a full-time, part-time (50% FTE or more), permanent or temporary (more than 3 months) employee of the State or County, Hawaii law requires you (except for elected officers) to become a member of the ERS as a condition of your employment.

## 3. How much must I contribute to the ERS?

If your membership date is after June 30, 2012:
With the Hybrid Plan, if you are a general employee you must contribute 8% of your monthly base salary. If you are a sewer worker, water safety officer, or an emergency medical technician, you must contribute 11.75% of your monthly base salary.

If your membership date is prior to July 1, 2012:
With the Hybrid Plan, if you are a general employee you must contribute 6% of your monthly gross salary. If you are a sewer worker, water safety officer, or an emergency medical technician, you must contribute 9.75% of your monthly gross salary.

## 4. How much does my employer contribute to the ERS?

Your employer currently contributes 15% of your compensation. Employer contributions are not credited to your account and are not refundable to you. Employer contributions along with ERS' investment earnings are used to pay retirement benefits to retirees and beneficiaries.



## 5. What happens to my contributions?

Your contributions are credited to your ERS account and will earn interest compounded annually. Contributions are tax deferred for federal income tax purposes and may be withdrawn when you retire or leave government service.

If your membership date is after June 30, 2011, you will earn an interest rate of 2%.

If your membership date is prior to July 1, 2011, you will earn an interest rate of 4.5%.

## 6. What is service credit and how do I earn it?

Service credit is the length of time you work for the State or County government while a member of the ERS and it determines not only the **amount** of your retirement benefits, but also **when** you will be eligible for retirement. Service is credited on a monthly basis. If you are employed for 15 or more calendar days in any month (14 calendar days in February), you will receive one month of service credit.

If you have 60 or more days of unused sick leave when you retire and leave government service in good standing, you will receive an additional month of service credit for every 20 days of unused sick leave. Any balance of 10 or more days will provide an additional month of service credit.

Service credit provided by unused sick leave is used to increase the amount of your retirement benefit but cannot be used to meet eligibility requirements for retirement.

## 7. Can I lose service credit?

YES. You will lose service credit if you leave government service and withdraw your contributions. Upon refund, all of your service will be forfeited and you will not qualify for any future retirement benefit. Any forfeited Hybrid service cannot be acquired if you are re-employed.

If your membership date is after June 30, 2012:
If you are credited with less than 10 years of service when you leave your job, your refund will consist of all your contributions and interest. If you have 10 or more years of credited service when you leave, you will also receive an additional 20% of your Hybrid Plan contributions and interest (excluding any contributions you made to upgrade or purchase Hybrid service).

If your membership date is prior to July 1, 2012:
If you are credited with less than 5 years of service when you leave your job, your refund will consist of all your contributions and interest. If you have 5 or more years of credited service when you leave, you will also receive an additional 50% of your Hybrid Plan contributions and interest (excluding any contributions you made to upgrade or purchase Hybrid service).

## 8. Can I acquire additional service credit towards my retirement?

YES. You can acquire credit for specific types of service. Generally, this is for previous service rendered as an employee of the State or County that you are currently not credited with, or any leave of absence without pay for professional improvement. No forfeited Hybrid service can be acquired.

Active military service may also be credited, subject to certain provisions and limitations.

You must file a claim with the ERS. After ERS certifies the service, you will be provided the cost (if any) and payment options to acquire the service.

## 9. What are the eligibility requirements and benefits for a service retirement?

| Membership date after June 30, 2012 | | Membership date prior to July 1, 2012 | |
|---|---|---|---|
| Normal Retirement | Age 65 w/10 yos<br>Age 60 w/30 yos | Normal Retirement | Age 62 w/5 yos<br>Age 55 w/30 yos |
| *Early Retirement (Age Penalty) | Age 55 w/20 yos | *Early Retirement (Age Penalty) | Age 55 w/20 yos |
| Multiplier | 1.75% | Multiplier | 2.0% |
| Vesting | 10 yos | Vesting | 5 yos |

*yos = Years of service*
**Sewer workers, water safety officers, and emergency medical technicians may retire with 25 years of credited service (without an age penalty), subject to certain provisions and limitations.*

Your benefit will consist of a pension for life based on the following formula:

Multiplier x Years of service x AFC

**Example:**
- 20 years of service and a monthly AFC of $2,500
- 1.75% x 20 years = 35% x $2,500 = $875/month
- Maximum monthly allowance = $875

If you also have Noncontributory Plan service, your Noncontributory Plan service benefit will be based on the following formula:

1.25% x years of Noncontributory service x AFC

The actual amount of your lifetime pension depends on your AFC, your credited service, your contributions to the ERS, and the retirement option you select when you retire.

Please note that unused sick leave cannot be used to meet the minimum eligibility requirements.



## 10. How is my AFC determined?

If your membership date is after June 30, 2012:
AFC (average final compensation) is the average of your five highest years of base pay earnings excluding any lump sum vacation pay.

If your membership date is prior to July 1, 2012:
AFC (average final compensation) is the average of your three highest years of earnings excluding any lump sum vacation pay.

If your membership date is prior to January 1, 1971:
AFC (average final compensation) is the average of your three highest years of earnings excluding any lump sum vacation pay, or your five highest years of earnings including lump sum vacation pay, whichever is greater.

Federal law limits the amount of annual earnings that may be used for computing AFC. This limit is subject to change. For 2012, the limit is $250,000.

## 11. How does part-time service affect my retirement?

Whether you work on a full-time (100% FTE) or part-time basis (minimum 50% FTE), for each month you work, one month of service will be credited towards meeting the minimum eligibility requirements to retire (see question #9).

However, for benefit calculation purposes, your part-time service as well as your part-time base salary will be converted to the full-time equivalent of the position you occupy. For example, 12 months of 50% part-time service with a base salary of $1,250 per month will be converted to 6 months of full-time service at $2,500 per month and likewise, 12 months of 75% part-time service with a base salary of $1,875 per month will be equal to 9 months of full-time service at $2,500 per month.

## 12. What if I become disabled?

If you become disabled, you can apply for ordinary or job-related (service-connected) disability retirement.
To qualify for ordinary disability retirement:
- You must be employed, or on approved leave of absence without pay at the time your application is filed;
- You must have at least 10 years of credited service excluding sick leave credit; and
- The ERS Medical Board must find that you are permanently disabled. To qualify for job-related (service-connected) disability retirement:
- Your employer must file an accident report with the Department of Labor and Industrial Relations and provide the ERS with a copy;
- An application for job-related (service-connected) disability retirement must be filed within two years of your accident or the date workers' compensation benefits stop; and
- The ERS Medical Board must find that you are permanently disabled for your job due to an accident while you were working that was not due to your willful negligence.

## 13. What kind of benefits am I entitled to if I become disabled?

If you are determined to be permanently disabled and you have at least 10 years of credited service, you are entitled to an ordinary disability pension for life. The benefit formula is the same as for regular retirement (without an age reduction). There is a minimum benefit of 25% of your AFC.

Regardless of credited service, if you are permanently disabled as a result of a job-related (service-connected) accident, you are entitled to a 100% refund of your contributions (including interest) and a pension of 35% of your AFC for life.

## 14. Are there any death benefits if I die while I'm employed?

If your death is not job related (service-connected), your beneficiary may receive a payment of your contributions and interest. In lieu of this lump sum payment, your beneficiary may elect a lifetime pension if you have at least 10 years of credited service and you die while you are still employed. *The lifetime pension will be available only if you designate ONE beneficiary.*

If your death is due to a job-related (service-connected) accident, your beneficiary will receive a payment of your contributions (including interest), and your spouse or reciprocal beneficiary will receive a monthly benefit equal to one-half of your AFC until remarriage or re-entry into a new reciprocal beneficiary relationship.

Payment of any death benefit to a beneficiary is governed by the Designation of Beneficiary form. You were asked to complete a Designation of Beneficiary form when you became a member of the Hybrid Plan. A change in your marital status or the death of your beneficiary may cancel your beneficiary designation. **It is therefore very important that you file a new Designation of Beneficiary form if there is a change in your marital status or if your beneficiary dies.** Failure to file a new Designation of Beneficiary form may result in death benefits being paid to your estate instead of to your intended beneficiary. Payment of death benefits to your estate may result in legal fees and other costs of probate.

## 15. Am I entitled to any benefits if I am no longer employed?

YES. You are entitled to benefits if you are vested when you leave government service, and you do not withdraw your contributions. See question #9 for vesting requirements and at what age you qualify for retirement benefits.

NO. You are not entitled to benefits if you are not vested (see #9) when you leave government service and you do not return to work, or if you request and receive a refund of your contributions after you leave your job.



## 16. Am I entitled to any other benefits after I retire?

You will receive a post retirement allowance, which is an automatic annual increase of 1.5% (if your membership date is after June 30, 2012) or 2.5% (if your membership date is before July 1, 2012), of your basic pension beginning July 1 of the calendar year following your retirement and on each July 1 thereafter. This allowance is designed to help offset the rising cost of living and has no ceiling.

As an ERS retiree, you may also be eligible for health benefit coverage. Since ERS does not administer this program, you will need to contact your Health Plan Administrator for eligibility and enrollment information.

**Additional Questions? Call or write to us at the Oahu office listed on the back cover or any of the following other ERS locations listed below. You can also check our website at http://ers.ehawaii.gov/ for additional information.**

*Hawaii*
*101 Aupuni Street, Room 208*
*Hilo, Hawaii 96720*
*Phone: 974-4076, 974-4077*
*Fax: 974-4078*
*Toll-free to Oahu: 974-4000, ext.61735*

*Kauai*
*3060 Eiwa Street, Room 302*
*Lihue, Hawaii 96766*
*Phone: 274-3010, 274-3011*
*Fax: 241-3193*
*Toll-free to Oahu: 274-3141, ext. 61735*

*Maui*
*State Office Building, Room 218*
*54 S. High Street*
*Wailuku, Hawaii 96793*
*Phone: 984-8181, 984-8282*
*Fax: 984-8183*
*Toll-free to Oahu: 984-2400, ext.61735*

*Molokai/Lanai*
*Toll-free to Oahu: 1-800-468-4644, ext. 61735*

*U.S. Mainland*
*Toll-free to Oahu: 1-888-659-0708*

**Employees' Retirement System**

of the State of Hawaii

Employees' Retirement System
City Financial Tower
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980
Phone: 586-1735 · Fax: 587-5766
Website: http://ers.ehawaii.gov/

*This brochure is not a legal document or contract. The rights and benefits described in this brochure are subject to change. Nothing in this brochure amends, modifies, overrides, or nullifies any State statute, rule, policy, or procedure.*

(Rev 05/2012)

# Save Money By Enrolling In Island Flex Today

State of Hawaii Sponsored by Department of Human Resources Development

*Island Flex - a Flexible Spending Accounts Program, offered by the State as one of your many fringe benefits.*

## What is Island Flex?

***Island Flex*** flexible spending accounts is a tax savings benefit program that offers you two ways to reduce your federal and state withholding taxes and social security taxes. The first way is a *Medical* Flexible Spending Account (Medical FSA). The *Medical* FSA allows you to pay eligible out-of-pocket unreimbursed health care expenses on a **BEFORE-TAX** basis. This provides a great tax benefit if you cannot deduct medical expenses on your income tax return because the amount does not exceed the 7.5 percent of your adjusted gross income. The second way is the *Dependent Care* Flexible Spending Account (Dependent Care FSA). The *Dependent Care* FSA allows you to pay for eligible dependent care expenses, such as pre-school, on a **BEFORE-TAX** basis.

## What do you mean BEFORE-TAX?

***Island Flex*** lets you set aside money from your paycheck in a special account BEFORE you have paid federal and state income taxes, and social security taxes! The amounts you set aside reduce your reported W-2 income, so you are never taxed on these dollars!

## Who is eligible?

If you are an employee of the Executive, Judicial or Legislative Branch, OHA, or HHSC; and are a member of the Employees' Retirement System, you are eligible to participate.

## How can the money in these accounts be used?

The money in your Medical FSA can be used to repay yourself **tax-free** for eligible unreimbursed or uninsured medical, dental, drug, and vision expenses incurred by you or your family members. Reimbursable items may include, but are not limited to, such things as deductibles, co-payments, dental and orthodontic fees, eye care, LASIK eye surgery, glasses/contact lenses, prescriptions, physical exams, chiropractic care, acupuncture, and smoking cessation programs.

The money in your Dependent Care FSA may be used for eligible child care and after school care costs of a dependent child under age 13 or a dependent child or adult incapable of self-care. Reimbursable expenses may include, but are not limited to, eligible child care services inside your home or someone else's home, charges by a licensed pre-school facility, adult care inside your home or someone else's home, or the A+ after school program.

## What are some IMPORTANT POINTS about *Island Flex*?

- To enroll in a Medical FSA or Dependent Care FSA, or both:
  - Call Comprehensive Financial Planning, Inc. (CFP), the third party administrator, for a Compensation Reduction Agreement (enrollment form), complete and return the form within 90 days of becoming eligible or during the annual open enrollment period (usually during March and April).
  - The amount you designate on your Compensation Reduction Agreement will be deducted from your salary each pay period before taxes are calculated. The deduction will be deposited into your FSA account.
- There is a monthly fee per month to participate, whether you enroll in one or both accounts. The fee will also be deducted from your paycheck on a BEFORE-TAX basis. Call CFP for the current monthly fee.

- There is NO minimum contribution. Currently, the maximum you may contribute is:
  - MEDICAL FSA: $2,400 per year, which does ***not*** include the administration fee.
  - DEPENDENT CARE FSA: $5,000 per year, which ***includes*** the administration fee.

- Enrollment must continue for the entire plan year, which is July 1 through June 30. If you enroll during the plan year, your participation will end on June 30. Your coverage will begin on the 1st of the month following receipt of your enrollment form. You MUST RE-ENROLL every plan year.

- You may not make changes during the plan year unless:
  - You have a qualifying "status change", such as marriage, divorce, death, or birth of a child.
  - Call CFP for a Status Change Form, complete and return it to CFP within 90 days of the change.

  *If you don't have an allowable status change or don't submit the status change form to CFP within 90 days, your account deductions must continue for the rest of the plan year.*

- Participation in ***Island Flex*** will NOT affect:
  - Your benefits in the Employees' Retirement System.
  - Your maximum allowable contribution to a 403(b) Tax Sheltered Annuity Plan (if you are a DOE or UH employee).
  - Your participation in the Premium Conversion Plan.
  - Your maximum allowable contribution to a 457 Deferred Compensation plan.

- Your Social Security benefits may be slightly reduced because your Social Security benefits and taxes will be calculated on your reduced salary amount.

- Reimbursement requests will be promptly processed once you complete and mail your reimbursement form, along with a copy of your paid itemized receipt, to the administrator. Medical reimbursement claims are processed daily while Dependent Care reimbursement claims are processed at the end of each month.

- More information is available by calling Comprehensive Financial Planning, Inc. at 596-7006 or neighbor islands may call toll free at 1-877-550-5552; or by attending an open enrollment informational workshop during the months of March through April.

- Check the ***Island Flex*** website at www.compfinplan.com.

## How much money can I save by participating?

Results will vary depending on your tax bracket but let's look at an example:

Hypothetical Example for Employee Leilani*

| $1200 Per Check | Currently | With Island Flex |
|---|---|---|
| Gross Pay | $1,200.00 | $1,200.00 |
| Medical FSA | $0.00 | $25.00** |
| Dependent Care FSA | $0.00 | $200.00** |
| Taxable Income | $1,200.00 | $975.00 |
| Federal Withholding | $76.53 | $45.18 |
| State Withholding | $55.03 | $40.18 |
| FICA (Social Security) | $91.80 | $74.59 |
| Net Pay | $976.64 | $815.05 |
| Medical Expenses | $25.00 | $0.00 |
| Dependent Care Expenses | $200.00 | $0.00 |
| Spendable Income | $751.64 | $815.05 |
| Savings Per Paycheck | | $63.41 |
| Savings Per Month | | $126.82 |
| Savings Per Year | | $1,521.84 |

*Claiming 2 exemptions
**Does not include the administration fee

*Note: If you need this brochure in an alternate format, call Comprehensive Financial Planning, Inc. at 596-7006, or neighbor islands may call 1-877-550-5552 for assistance.*

(03/07)

## New Health Insurance Marketplace
## Coverage Options and Your Health Coverage

**Distribution of this notice to all employees is required under the federal Patient Protection and Affordable Care Act (sometimes referred to as "Obamacare"). This notice does not reflect any changes to employee eligibility for EUTF coverage, the terms of the EUTF plans, or the premium payments for any of the EUTF plans.**

### General Information
When key parts of the Patient Protection and Affordable Care Act ("Affordable Care Act") health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace ("Marketplace"), which in Hawaii is called the Hawaii Health Connector or Hawaii Health Insurance Exchange. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment-based health coverage offered by your employer.

### What is the Health Insurance Marketplace?
The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

### Can I Save Money on my Health Insurance Premiums in the Marketplace?
You may qualify to save money and lower your monthly premium, but only if your employer does not offer you coverage, or offers coverage that doesn't meet certain standards. Eligibility for premium savings depends on your household income.

### Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?
Yes. If your employer offers you health coverage that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing, if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a health plan offered by your employer that would cover you (and not any other members of your family) is more than 9.5% of your annual household income, or if the offered coverage does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.[1]

Please note that if you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution - as well as your employee contribution to employer-offered coverage- is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

### How Can I Get More Information?
The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit **HealthCare.gov** or the Hawaii Health Connector at **HawaiiHealthConnector.com** for more information. You can also contact the Hawaii Health Connector by email (answers@hawaiihealthconnector.com) or telephone (877-628-5076)

For more information about coverage offered by your employer, please check your summary plan description / reference booklet on the **Hawaii Employer-Union Health Benefits Trust Fund (EUTF) website at www.eutf.hawaii.gov**. If you have any questions about this notice, you can also contact your Departmental Personnel Office.

For general information about your émployee benefits, please visit **www.dhrd.hawaii.gov.**

[1] Please note that all of the EUTF-sponsored PPO and HMO health plans meet the "minimum value standard", with the exception of the Supplemental Plans.

# PREMIUM CONVERSION PLAN
# PLAN DOCUMENT
## FOR EMPLOYEES OF THE STATE OF HAWAII

Administered by the Department of Human Resources Development

## INTRODUCTION

The State of Hawaii's ("**State**") Premium Conversion Plan ("**PCP**" or "**Plan**") provides an opportunity to most health benefits plan participants to save some tax dollars and make the most of their paychecks. It is being offered to you pursuant to HRS chapter 78, and within the meaning of Section 125 of the Internal Revenue Code of 1986 ("**Code**"), as amended, relating to "cafeteria plans".

In order to retain this benefit, the State must administer the Plan in strict compliance with certain rules and regulations. Therefore, it is important that you read this Plan Document thoroughly. Also, carefully weigh the Plan's effect on your social security benefits. Note: You may want to consult with your tax advisor to help determine whether this Plan will benefit you.

This Plan Document sets forth the material features of the Plan in a question and answer format.

Please keep in mind that this is only a summary of HRS chapter 14-51, "Premium Conversion Plan", and is not the complete text. In all cases where a question arises, the Rules will govern. The Rules may be examined or a copy may be obtained by contacting:

**Director of Human Resources Development**
**PCP Administrator**
**235 S. Beretania St., 14th Floor**
**Honolulu, Hawaii 96813**

Or, visit the HRD website at:
http://dhrd.hawaii.gov/administrative-rules/

## 1. WHAT ARE THE BENEFITS OF THIS PLAN?

If you enroll in this Plan, your income will be taxed *after* your health benefits contributions are deducted, *so your take-home pay should be greater than if you do not enroll.*

## 2. WHO IS ELIGIBLE FOR THIS PLAN?

You are eligible to participate in the Plan if you are an employee of the State and enrolled in any health benefits plan offered through the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") and your payroll deductions are processed through the Department of Accounting and General Services.

## 3. HOW DOES THE PLAN WORK?

If you enroll in this Plan:

- You authorize the State to reduce your gross salary (before federal, State and social security taxes are calculated) by the total amount of your health benefits plan contributions; and
- The result is that your take-home pay is likely to increase since you will pay less federal income, State income, and FICA taxes.

Let's look at an example to show how the Plan would increase the take home pay of an employee: employee Leilani earns a gross pay of $1,000.00 per semi-monthly pay period. She is married, claims two exemptions, and enrolled in two-party health plans requiring a total employee contribution of $255.00 per semi-monthly pay period:

Hypothetical example for employee Leilani:

| | IF NOT ENROLLED IN PCP | IF ENROLLED IN PCP |
|---|---|---|
| GROSS PAY | $1,000 | $1,000 |
| PCP Reduction | (0) | $255 |
| Gross Taxable Pay | $1,000 | $745 |
| Withholding | | |
| Federal Tax | $33 | $8 |
| State Tax | $38 | $23 |
| FICA Tax | $77 | $57 |
| Deductions | | |
| Health Insurance (medical/chiro) | $200 | 0 |
| Drug | $37 | 0 |
| Vision Care | $3 | 0 |
| Dental | $15 | 0 |
| Other | $100 | $100 |
| Take-Home Pay | $497 | $557 |
| Savings Per Paycheck | | $ 60.00 |
| Savings Per Month | | $ 120.00 |
| Savings Per Year | | $1,440.00 |

*(Note. All figures rounded to the nearest dollar. **The chart is being provided for illustrative purposes only and does not reflect the actual employee contribution amount for the 2013 Plan year.** Withheld taxes are based on 2013 Federal and 2012 State Income Tax Withholding Tables.)*

In this example, take-home pay will be $60.00 more per pay period, or $1440.00 more per year if Leilani enrolled in the PCP.

Please note that the above example was based on an employee who is married. If you cover your domestic partner under your health plan, there may be other tax liabilities in connection with your domestic partner's coverage, such that the tax savings benefit of enrolling in the PCP may be minimal. Therefore, you may want to consult with a tax advisor prior to enrolling in the Plan.

## 4. HOW AND WHEN CAN I ENROLL IN THIS PLAN?

You can enroll in the Plan by filing a PCP election form during a designated Open Enrollment period immediately preceding the Plan year. The Plan year normally runs from July 1 to June 30 each year.

Current Employees. If you are a current employee and do not enroll before the Plan year begins, you will have to wait until the following Plan year to enroll. The only exception to this rule occurs in the case where you are permitted under the Rules to change from an election of *no* health benefits plan coverage to an election *for* such coverage.

For example, if you previously did not take medical coverage through the State because you were covered under your spouse's medical plan, and your spouse dies or loses his/her job, you would be entitled to obtain medical coverage through the State, and you would also be entitled to enroll in the PCP. You must, however, file the appropriate PCP forms with your Departmental Personnel Office within ninety (90) calendar days of the event giving rise to your entitlement to enroll.

New Employees. If you are a new employee, you may enroll in the Plan when you become eligible to enroll in any of the eligible health benefits plans. Normally, this is within ninety (90) calendar days of the date you were hired.

If you do not enroll during this 90-day eligibility period, you will not be able to enroll in the Plan until the following Plan year, unless you are permitted under the Rules to enroll.

## 5. HOW CAN I CHANGE MY PCP ELECTION?

Your PCP election will be automatically renewed each Plan year. If you wish to change your election, you can only do so during a designated Open Enrollment period. The only exception is if a change in your status has occurred for which the Rules permit a PCP election change, such as:

- Your marriage, divorce, or marriage annulment;
- Birth or adoption of a child or addition of a foster child;
- Death of your spouse or dependent;
- Employment or loss of employment by you, your spouse, or dependent;

- Start or return from an unpaid leave of absence;
- Loss of eligibility by you or your spouse under a health benefits plan; or
- Your last dependent child becoming ineligible for coverage under your health benefits plan.

In order to make a change, it must also be consistent with your change in status, and you must file the appropriate PCP change forms with your Personnel Officer within ninety (90) calendar days of the date of your qualified change in status. Approved changes will take effect *after* your forms are *received*, usually the following pay period, if administratively possible.

If, during the Plan year, premium rates increase and there is a change in the employee contributions, the PCP Plan Administrator will make the appropriate adjustments.

### 6. HOW CAN MY PCP BE CANCELLED?

Generally, you cannot cancel your PCP election during a Plan year unless you transfer to a non-eligible employment classification, you marry and obtain coverage under your spouse's plan, or your spouse gets a new job and you receive health benefits plan coverage through the new employer's plan. You must submit the required cancellation forms within ninety (90) calendar days of your qualified change in status. Approved cancellations shall become effective as soon as administratively possible, on a prospective (not retroactive) basis, after your forms are received (e.g., next pay period following receipt of your forms).

There may be other situations in which cancellations can be allowed. However, you must write to the PCP Plan Administrator for prior written approval.

Otherwise, you must wait until the next designated Open Enrollment period to cancel your PCP election.

Your PCP election will be cancelled if you should involuntarily lose eligibility for the health benefits plan you selected, as provided in the Rules.

### 7. CAN I LOSE MONEY UNDER THE PCP?

Usually, you will not lose money by making a PCP election. However, if you change/cancel your health benefits plan coverage but your PCP change/ cancellation is not permissible, your PCP election will continue and your premium payments will be forfeited. To ensure that your forfeitures are stopped at the end of the Plan year (i.e., June 30th), you must file the required PCP change/cancellation forms during the next Open Enrollment period.

Reminder: Mid-Plan year changes and cancellations that are allowable take effect on a prospective basis *after* you file the required forms. So the longer you take to file, the more money (premium payments) you are likely to lose. To avoid this, file promptly.

### 8. IF MY DOMESTIC OR CIVIL UNION PARTNER IS COVERED UNDER MY HEALTH PLAN, CAN I ENROLL IN THE PCP?

If you cover your domestic or civil union partner under your health plan and your domestic or civil union partner meets the definition of a "qualified dependent" under Section 152 of the Code, and qualifies as your dependent for federal income tax purposes, you may deduct the entire premium contribution on a pre-tax basis. Otherwise, the contribution amount for your domestic or civil union partner shall be done on an after-tax basis. You must submit the PCP Domestic/Civil Union Partnership Acknowledgement Form, which can be obtained from your Departmental Personnel Office or the HRD website at http://dhrd.hawaii.gov.

For PCP enrollment changes, see, Q&A # 5.

### 9. WILL MY SOCIAL SECURITY BENEFITS BE AFFECTED IF I ENROLL IN THIS PLAN?

If you participate in the PCP, your Social Security benefits may be slightly reduced because your Social Security benefits and taxes will be calculated on your reduced salary amount.

### 10. WILL MY RETIREMENT PENSION BE AFFECTED IF I ENROLL IN THIS PLAN?

No, your retirement pension will be based on your monthly gross pay and will not be affected by your participation in the PCP.

### 11. WILL MY DEFERRED COMPENSATION PLAN CONTRIBUTIONS BE AFFECTED IF I ENROLL IN THE PCP?

Participating in the PCP may affect your deferred compensation plan contributions if your contributions are based on a percentage of your pay rather than a fixed dollar amount.

### 12. WHAT HAPPENS IF I GO ON LEAVE WITHOUT PAY?

While you are on a leave without pay ("LWOP"), out-of-pocket employee contributions that you pay to continue your health benefits plan coverage cannot be applied for PCP purposes. This is because these payments are made outside of the State's payroll system and do not qualify for the tax savings available under the Plan.

When you return from a LWOP, your PCP election will be automatically continued if you continued your health benefits plan coverage during your leave by making the required out-of-pocket contributions.

If your health benefits coverage was cancelled because you did not make the required out-of-pocket contributions while you were on a LWOP, your PCP election will likewise be cancelled as of the same effective date.

However, you will be permitted to re-enroll in the PCP when you return to work, provided you have filed the appropriate PCP forms with your Personnel Officer within ninety (90) calendar days of your return.

### 13. WHAT APPEAL RIGHTS DO I HAVE?

If your PCP change or cancellation request is denied, you may file an appeal by writing to the PCP Plan Administrator within thirty-one (31) calendar days after receiving notice of the denial. Your letter must set forth all of your reasons for appealing the denial. (See, address under Q&A # 14.)

The PCP Plan Administrator shall act upon your appeal within sixty (60) calendar days after either receipt of your request or receipt of any additional materials reasonably requested from you, whichever occurs later.

You shall be provided a written notice of the final decision on your appeal within one hundred twenty (120) calendar days of the date your appeal was filed.

The decision of the PCP Plan Administrator shall be final and conclusive upon all persons.

### 14. WHERE CAN I GET MORE INFORMATION?

If you still have additional questions, you should contact your Departmental Personnel Office. Written requests may be sent to:

**Director of Human Resources Development**
**PCP Administrator**
**235 S. Beretania St., 14th Floor**
**Honolulu, Hawaii 96813**

**This Plan Document can be made available to individuals who have special needs or who need auxiliary aids for effective communication (i.e., large print or audiotape), as required by the Americans with Disabilities Act of 1990, by contacting the DHRD Employee Assistance Office at 587-1050.**

April 2014

*More than*
*just a*
*paycheck . . .*

**Summary of**

# EMPLOYEE BENEFITS

**for**
**State of Hawai'i**
**Executive Branch**
**Employees**

# Table of Contents

## *DISCLAIMER*

***Important Disclaimer:*** ***This booklet has been prepared for your convenience. It is intended as a reference guide and contains general descriptions and summaries of various policies, benefits, procedures, and rules. This booklet is not a contract or binding agreement. It does not supersede laws, rules, collective bargaining agreements, policies and procedures, and benefit plan documents pertaining to the various subject matters covered. Benefits vary by type of employment appointment, collective bargaining agreement and federal and state law, and are subject to change.***

***For further information, please contact your Departmental Personnel Office or refer to the applicable laws, rules, collective bargaining agreements, policies and procedures, or benefit plan documents.***

# MESSAGE TO STATE OF HAWAIʻI EMPLOYEES

*As an employee of the State of Hawaiʻi, you are part of our ʻohana - our family. And families care about each other, which is why we offer you a compensation package designed to meet your needs now and throughout your career with the State.*

*The salary you receive from the State is only a part of your total compensation. We'd like to help you understand more about the* ***total*** *compensation package you receive as a valued member of our State team.*

*This booklet summarizes the State's benefit programs which provide the economic security and quality of life that you and your family want today and in the future.*

*Our objective is to meet the needs of each eligible employee - for career advancement, vacation/sick leave, medical and retirement benefits, and elective leave for family crises. These are at the heart of our total compensation plan.*

*We hope you find the booklet helpful in meeting your informational needs.*

*If you have questions or want additional information, your Departmental Personnel Office will be able to help you get the answers you need.*

## PUBLIC SERVICE - SHAPING HAWAII'S FUTURE

Working for the State means working for Hawai'i.

As stewards of our State, you provide vital services to our citizens, contribute to the growth and development of Hawaii's economy, and make Hawai'i a better place to live. You have good reason to be proud, because you and your fellow employees are the ones who lead this great State forward.

## MORE THAN JUST A PAYCHECK

The State of Hawai'i is one of Hawaii's largest employers and offers you a competitive compensation package. Your ***total*** compensation is comprised of your **salary** and your **benefits.**

In addition to your salary, which is an important part of your compensation package, you may be eligible for a broad range of valuable benefits, such as comprehensive health care insurance, life insurance, retirement programs, sick leave, vacation leave, and holidays. All of these are part of compensation that goes beyond salary.

## FAMILY TIME AND VALUES

We understand that preserving and promoting family time and values are very important.

We know that you need to spend quality time with your family. Most State jobs are conducive to a standard workday with regular work hours. And because the State holiday calendar is essentially the same as the public school system's calendar, many parents can enjoy celebrating the holidays with their children. The State also gives each department the option to implement a **flexible working hours or alternative workweek program**. Please check with your supervisor and/or your Departmental Personnel Office for more information.

# HOLIDAYS / VACATION LEAVE / SICK LEAVE / OTHER LEAVES

The State offers an attractive holiday, vacation and sick leave package to eligible salaried employees.

## Holidays

The State observes 13 holidays per year and 14 during an election year, compared to an average of 8 holidays offered by many private companies.

These observed holidays, as defined in the Hawai'i Revised Statutes, can be viewed at http://dhrd.hawaii.gov/

## Vacation and Sick Leaves

Vacation and sick leave benefits are collectively bargained for employees who are included in a bargaining unit. For employees who are excluded from a bargaining unit, vacation and sick leave benefits are provided for under Executive Orders.

### Vacation Leave

You may earn vacation leave at a rate that other employers find tough to match – 21 days each full year from the first year of employment, compared to an average of 10 days offered by private companies. And, you may accumulate up to a total of 90 days (720 hours) of vacation leave.

### Sick Leave

You may earn sick leave at the same rate as vacation – 21 days per year and there is no limit on the amount you can accumulate.

Plus, unused accumulated sick leave may eventually be used to increase your retirement benefits in certain situations.

**Family Leave**

Under the **Hawai'i Family Leave Law** and rules, you may be eligible for up to four (4) weeks of unpaid family leave each calendar year for the following reasons:

- Birth of a child;
- Placement of a child with you for adoption;
- To care for your child, spouse, reciprocal-beneficiary, or parent with a serious health condition.

You may substitute your accrued paid leave (i.e., vacation or sick leave) for any part of the State Family Leave. However, only the accrued and available sick leave in excess of the fifteen (15) days required under the State's self-insured Temporary Disability Benefits Plan, can be applied toward family leave purposes.

Under the **Federal Family and Medical Leave Act (FMLA)**, you may be eligible for up to 12 weeks of unpaid FMLA leave during any 12-month period, which is defined as a calendar year for State employees. You may be eligible for the following reasons:

- Birth of a child, and to care for your newborn child;
- Placement of a child with you for adoption or foster care;
- To care for your child, spouse, or parent with a serious health condition;
- If you suffer from a serious health condition that makes you unable to perform the functions of your job.
- "Qualifying Exigency Leave" – Your spouse, son, daughter, or parent is a military member on covered active duty or called to covered active duty status (or has been notified of an impending call or order to covered active duty) in the Armed Forces.

"Military Caregiver Leave," also under the FMLA, may allow you to take up to 26 work weeks of unpaid leave in a "single 12-month period" to care for your military relative (spouse, child, parent, or next of kin) if he/she has a qualifying serious illness or injury.

If you qualify for both State Family Leave and FMLA, both leave periods will run concurrently. For example, if you take family leave to care for your spouse with a serious health condition, you may take 4 weeks of State Family Leave and an additional 8 weeks of FMLA leave - a maximum period of 12 weeks.

## Leave Sharing Program

Under the **State's Leave Sharing Program**, you may be eligible to give and receive donated vacation credits within your department. The purpose of this program is to ease the burden of fellow departmental co-workers who would otherwise need to take time off from work without pay to recover from a serious personal illness/injury or to care for a family member who has a serious personal illness/injury and is incapable of self care. If you are interested in donating any of your vacation leave credits or wish to request leave sharing, contact your Departmental Personnel Office.

## Other Leaves

You may be eligible for other leaves, such as:

- Bereavement Leave
- Jury duty
- Military Leave
- Victims Leave
- Parent-Teacher Conferences
- Foster Parent Leave to attend family court hearings
- Disaster Relief
- Blood Bank Donations
- Bone Marrow Testing
- Bone Marrow / Organ Donation

Upon request and approval, you may be eligible for certain leaves of absence without pay for up to one year.

For more specific information, check your collective bargaining agreement and/or contact your Departmental Personnel Office.

## HEALTH BENEFITS

The State offers eligible employees a choice of health insurance plans - medical, drug, chiropractic, dental, and vision - through the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF).

The State's contribution towards the cost of your health care plans is either negotiated through the collective bargaining process or provided by an Executive Order. Your cost is the remaining portion of the health care plans' monthly premiums. Your contributions are made through payroll deduction.

There is no waiting period for your initial enrollment when you are hired, which means immediate coverage for you and your eligible family members. Please be aware that your actual enrollment may not be processed immediately, but if you or your family requires services, please contact the EUTF for assistance. Whenever you have changes (e.g., marriage, newborn child) that could affect the coverages under your health care plan, please report those changes immediately (within 30 days) to your Departmental Personnel Office.

When you retire from the State, you may be eligible for health insurance benefits. Based on current law and subject to change by the Legislature, your employer will contribute to your premiums based upon when you were hired and the number of years of credited service you have at the time of your retirement (see chart below).

| Number of Years of Credited Service (excluding sick leave) At Retirement | State's Base Monthly Contributions* | | |
|---|---|---|---|
| | You were hired before 7/1/96 | You were hired 7/1/96 – 6/30/01 | You were hired on or after 7/1/01** |
| 5 but less than 10 years | 50% | 0% | 0% |
| 10 but less than 15 years | 100% | 50% | 50% |
| 15 but less than 25 years | 100% | 75% | 75% |
| 25 or more years | 100% | 100% | 100% |

* The Base Monthly Contribution (BMC) is based on the statutory cap which is adjusted each year depending upon changes to the Medicare Part B premiums. If the actual health plan premiums are greater than the BMC, the retiree will be required to pay the difference.

** If you were hired on or after 7/1/01, the State's base monthly contribution will be only for you (i.e., no contributions will be made for your dependents). If you were hired before 7/1/01, the State's base monthly contribution will be for both you and your dependents.

You are eligible to enroll in any available plans at the time of your retirement regardless of what plans, if any, you were enrolled in just prior to retirement.

For more information on the health care plans offered by EUTF, contact your Departmental Personnel Office or the EUTF office at 586-7390 or toll-free at 1-800-295-0089. You may also visit the EUTF website at www.eutf.hawaii.gov

## RETIREMENT PROGRAM

The Employees' Retirement System (ERS) was established in 1925 to provide retirement, disability, and survivor benefits to State and county government employees. The general administration of the ERS is under the direction of a Board of Trustees, with certain areas of administrative control with the State Department of Budget and Finance.

The ERS is a qualified pension plan under Section 401(a) of the Internal Revenue Code where member's retirement contributions are tax deferred. Also, the ERS is a defined benefit plan where your pension is based on your salary and years of service.

Members are covered by the provisions of the Contributory, Noncontributory, and Hybrid retirement plans. Contributory and Hybrid plan members are required to make contributions to the ERS. Noncontributory members do not make contributions. The majority of the new employees are required to be members in the Hybrid plan which has two (2) benefit structures based on the membership date either before or after July 1, 2012.

Please refer to the plan summary for a more detailed explanation. For more information, you may visit the ERS website at http://ers.ehawaii.gov or call the office at 586-1735.

# SUMMARY OF EMPLOYEES' RETIREMENT SYSTEM PLANS

| | | Types of Plans | | | | |
|---|---|---|---|---|---|---|
| | | Hybrid Plan (Based on Membership Date) | | Noncontributory Plan | Contributory Plan (Based on Membership Date) | |
| | | Before 7/1/2012 | After 6/30/2012 | | Before 7/1/2012 | After 6/30/2012 |
| **Employee Contributions** | | 6% of salary | 8% of salary | NONE | 7.8% of salary | 9.8% of salary |
| **Service Retirement** | *Eligibility* | Age 62 with 5 years of service, OR Age 55 and 30 years of service | Age 65 with 10 years of service or Age 60 with 30 years of service | Age 62 with 10 years of service, OR age 55 with 30 years of service. Age 65 with 10 years of service (If leave State service with a minimum of 10 but less than 20 years of service prior to age 62) | Age 55 with 5 years of service | Age 60 with 10 years of service. |
| | *Benefit* | 2% x AFC* x Hybrid service (split calculation formula used for periods of Noncontributory service) | 1.75% x AFC* x Hybrid service (split calculation formula used for periods of Noncontributory service) | 1.25% x AFC* x years of service | 2% x AFC* x years of service | 1.75% x AFC* x years of service |
| **Early Service Retirement** | *Eligibility* | Age 55 with 20 years of service | | | Any age with 25 years of service | Age 55 with 25 years of service |
| | *Benefit* | Maximum allowance reduced by 5% per year under age 62 | Maximum allowance reduced by 5% per year under age 65 | Maximum allowance reduced by 6% per year under age 62 | Maximum allowance reduced by 5% per year under age 55, 4% per year under age 50, 3% per year under age 45, 2% per year under age 40 | Maximum allowance reduced by 5% per year under age 60 |
| **Ordinary Disability** | *Eligibility* | Any age with 10 years of service. Must be in service at time application is submitted. | | | | |
| | *Benefit* | 2% x AFC* x Hybrid service (split calculation formula used for Noncontributory service) with a minimum of 25% of AFC* | 1.75% x AFC* x Hybrid service (split calculation formula used for Noncontributory service) with a minimum of 25% of AFC* | 1.25% x AFC* x years of credited service | 1.75% x AFC* x years of credited service with a minimum of 30% of AFC* | |

| | | Types of Plans | | | |
|---|---|---|---|---|---|
| | | Hybrid Plan (Based on Membership Date) | | Noncontributory Plan | Contributory Plan |
| | | Before 7/1/2012 | After 6/30/2012 | | |
| **Service-Connected Disability Retirement** | *Eligibility* | Active member with no age or service requirements. Application filed within two years of the date of the accident, or the date upon which worker's compensation benefits cease, whichever is later. | | | |
| | *Benefit* | 35% of AFC* and return of contributions and accrued interest | | 35% of AFC* | 50% of AFC* and return of contributions and accrued interest |
| **Ordinary Death** | *Eligibility* | Active employee at time of death. Application filed no later than three years from the date of the member's death | | | |
| | *Benefit* | Return of contributions and accrued interest to designated beneficiary if credited with less than 5 years of service;<br><br>150% of contributions and accrued interest to designated beneficiary if credited with 5 or more years of service; | Return of contributions and accrued interest to designated beneficiary if credited with less than 10 years of service;<br><br>120% of contributions to designated beneficiary if credited with 10 or more years of service; | Surviving spouse or reciprocal beneficiary (until remarriage or re-entry into a reciprocal beneficiary relationship) and dependent children (up to age 18) receive a monthly benefit equal to a percentage of the accrued maximum allowance if credited with at least 10 years of service; | Return of contributions and accrued interest to designated beneficiary if credited with less than 1 year of service;<br><br>Lump sum payment of contributions and accrued interest plus a percentage of final year's salary to designated beneficiary if credited with at least 1 year of service; |
| | | Option 3 (50% Joint Survivor) lifetime monthly benefit if <u>not</u> eligible for retirement, but credited with at least 10 years of service, and one beneficiary designated; or | | Option B (100% Joint Survivor) lifetime monthly benefit for surviving spouse or reciprocal beneficiary if eligible for retirement. | Option 3 (50% Joint Survivor) lifetime monthly benefit if <u>not</u> eligible for retirement, credited with at least 10 years of service, and one beneficiary designated: or |
| | | Option 2 (100% Joint Survivor) lifetime monthly benefit if eligible for retirement and <u>one</u> beneficiary designated. | | | Option 2 (100% Survivor) lifetime monthly benefit if eligible for retirement and <u>one</u> beneficiary designated. |

| | | Types of Plans | | |
|---|---|---|---|---|
| | | **Hybrid Plan** | **Noncontributory Plan** | **Contributory Plan** |
| **Service-Connected Death** | *Eligibility* | No age or service requirements.<br>Application filed no later than three years from the date of the member's death | | |
| | *Benefit* | Return of contributions and accrued interest to designated beneficiary plus monthly benefit equal to 50% of AFC to surviving spouse or reciprocal beneficiary (until remarriage or re-entry into a new reciprocal beneficiary relationship)<br><br>If no surviving spouse or reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents will be eligible for a monthly benefit.<br><br>If none of the above, the ordinary death benefit shall be payable to the designated beneficiary. | Surviving spouse or reciprocal beneficiary receive pension equal to 30% of AFC* (until remarriage or re-entry into a reciprocal beneficiary relationship)<br><br>Additional benefits payable to surviving dependent children (up to age 18)<br><br>If none of the above, no benefit payable. | Return of contributions and accrued interest to designated beneficiary plus monthly benefit equal to 50% of AFC to surviving spouse or reciprocal beneficiary (until remarriage ore re-entry into a new reciprocal beneficiary relationship)<br><br>If no surviving spouse or reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents will be eligible for a monthly benefit.<br><br>If none of the above, the ordinary death benefit shall be payable to the designated beneficiary. |

*AFC (Average Final Compensation) is determined by the membership date.

| **Membership Date** | **AFC** |
|---|---|
| After June 30, 2012 | Highest five (HI-5) years of base pay earnings excluding any lump sum vacation pay. |
| Prior to July 1, 2012 | Highest three (HI-3) years of earnings including overtime, recurring differentials and excluding any lump sum vacation pay. |
| Prior to January 1, 1971 | Comparison of the average HI-3 years of earnings excluding any vacation pay or HI-5 of earnings including lump sum vacation pay, whichever is greater. |

## PRE-TAX BENEFIT PROGRAMS

In addition to comprehensive health benefits and a rich retirement program, the State offers you a variety of other valuable benefit programs.

### Premium Conversion Plan

The State's Premium Conversion Plan (PCP) provides an opportunity for most health care plan participants to save some tax dollars and make the most of their paychecks. If you are an employee of the State, enrolled in any health care plan offered through the EUTF, and your payroll deductions are processed through the Department of Accounting and General Services (DAGS), your income will be taxed after your health care plan contributions are deducted, so your take-home pay should be greater than if you do not enroll in the PCP.

### Island Savings Plan / Deferred Compensation Plan (IRC 457)

One of the most important retirement benefits you have as a State employee is the opportunity to participate in the Island $avings Plan, the State of Hawai'i deferred compensation plan. This is a voluntary pre-tax retirement savings plan designed to give you a tax break today and build a "nest egg" for your future.

Should you choose to participate, your contributions are made before taxes through the convenience of payroll deduction. There are several types of savings and investment options from which to choose. You may withdraw your accumulated funds upon your termination of employment, retirement, or a qualified unforeseen emergency. In the event of your death, these funds will be available to your designated beneficiaries.

And because the payroll deductions are made before taxes are withheld, you may be able to save on your taxes with each paycheck. You can also take advantage of tax-deferred savings – this means your contributions, plus any interest and earnings, are not taxed until you start taking withdrawals, usually at retirement.

For more information, please visit the website of the plan's third-party administrator, Prudential Retirement, at: http://www.prudential.com/islandsavings. In addition, you may contact Prudential Retirement at 1-888-71A-LOHA (1-888-712-5642), press option #1 for the Call Center or press option #2 for the Local Office.

### ***Island Flex* Plan**

So often, we find ourselves making critical health choices or putting off necessary health care because of the high unexpected costs not budgeted for in the family finances. Dependent care is also a financial concern for many families where both partners, or especially single parents, need to work to support the household. This means they must find suitable arrangements for dependent care, whether it be a baby-sitter, preschool, or after-school program for their child, or even adult day care for their dependent spouse or parent.

The State is pleased to offer you ***Island Flex***, one of our employee benefit programs which may help you save in taxes while you strive to maintain a quality lifestyle. ***Island Flex*** FSA (flexible spending accounts) is an employee benefit program that provides you with a way to pay for your eligible **health care expenses** and **dependent care expenses** with TAX FREE money. By directing "before tax" money from your paycheck into one or both of these accounts, you can put up to 41% of the money you are spending on eligible expenses back into your pocket. For many State employees, ***Island Flex*** is a great way to turn certain out-of-pocket medical, dental, drug, and vision expenses and dependent care expenses into tax savings and greater spendable income.

For more information, please visit the website of the plan's third-party administrator, Comprehensive Financial Planning, Inc. at: http://www.compfinplan.com

### ***Flex Park* Program**

This benefit program enables State employees of the Executive Branch to have eligible parking fees deducted before Federal, State, and FICA taxes are calculated. Eligible parking fees are those for parking assignments in a lot administered by the Department of Accounting & General Services. For more information on ***FlexPark***, please call your Departmental Personnel Office.

### **Pre-Tax Transportation Benefits**

This voluntary program enables eligible employees of the Executive Branch to purchase regular, disabled, or senior bus passes for TheBus, fare coupons for The Handi-Van or pay for your vRide (fka Vanpool Hawaii) fees through payroll deduction taken before Federal, State, and FICA taxes are calculated and withheld. For more information on the Pre-Tax Transportation Benefits (PTBP) Program, please call your PTBP Department Coordinator.

# OTHER BENEFIT PROGRAMS

## Group Life Insurance Plan

The State currently pays the monthly premium for group life insurance coverage for eligible employees. No employee contributions are required. This is offered through the Hawai'i Employer-Union Health Benefits Trust Fund.

Also, some employee organizations (such as unions) offer additional group life insurance plans on a voluntary, self-pay basis. For more information on the alternative group life insurance plans, please call your Employee Organization Representative, as appropriate.

## Workers' Compensation Benefits

If you incur a compensable work-related injury or illness, benefits will be available to cover eligible medical expenses and to replace a portion of the employee's lost wages while you are unable to work after a three-day waiting period. You will also have the option of using any available sick leave or vacation leave to supplement the workers' compensation benefits to realize full pay.

## Temporary Disability Benefits

If you suffer a non-work related injury or illness, you may be eligible to receive benefits, which cover a portion of wages while disabled. There is a seven-day waiting period, and all sick leave must be exhausted. The number of weeks of available benefits depends on eligibility under the State's Temporary Disability Benefits Plan. The maximum duration of benefits is 26 weeks.

## Resource for Employee Assistance & Counseling Help (REACH) Program

The REACH Program provides confidential, short-term professional counseling services to employees who may be experiencing personal problems that are affecting job performance. The services are free, up to a maximum of three (3) sessions. WorkLife Hawaii has been contracted to provide REACH services through a voluntary program that permits you to seek help on your own. Their services are available 24 hours a day, 365 days a year, for the duration of the contract.

A WorkLife Hawaii counselor, who specializes in the assessment of personal problems, will meet with you to explore options and possible resolutions. For more information, contact the WorkLife Hawaii central office at 543-8445 or 1-800-994-3571 from the Neighbor Islands.

**HI529 – Hawaii's College Savings Program (IRC 529)**

Because the cost of a college education keeps increasing, the State implemented "HI529 – Hawaii's College Savings Program" ("HI529") to help families save for college. HI529 is a voluntary program designed to assist families to save for a child's future education, and is administered by the State of Hawaii's Department of Budget and Finance.

Once you choose to participate, your contributions are made with after-tax dollars, and you can select from different investment options to suit your personal investment preferences. The earnings on your account grow tax-deferred and qualified withdrawals are tax-free (both federal and Hawai'i State taxes).

To make it easier for State employees to participate in HI529, the State now allows employees to contribute to HI529 through payroll deduction. To enroll, set up your payroll deduction, and obtain more information on the program, please visit www.hi529.com or call toll-free 1-866-529-3343.

## TRAINING AND CONTINUING EDUCATION

The State understands the importance of professional growth for its workforce. That's why developmental activities related to your work are supported and encouraged. As a state worker, you may have the opportunity to attend training, professional conferences, or seminars. You are welcome to discuss your training and development needs with your supervisor.

In addition, the State may offer a sabbatical leave program. For more specific information on sabbatical leave, check your collective bargaining agreement and/or contact your Departmental Personnel Office.

## COMPARATIVE BENEFITS - STATE VS. NATIONAL AVERAGE

| | STATE OF HAWAII* | NATIONAL AVERAGE** |
|---|---|---|
| HOLIDAYS | • 13 days per year<br>• 14 days per year during an election year | • 8 days per year |
| SICK LEAVE | • 21 days per year<br>• Unlimited accumulation | • 7-9 days per year<br>• Limited accumulation |
| VACATION LEAVE | • 21 days per year<br>• Up to 90 days accumulation limit | • 10-19 days per year<br>• Limited accumulation |
| MEDICAL CARE BENEFITS | Employer pays approximately 48 - 80% for single or family coverage; no waiting period for eligibility | Employer pays 68%-79% for single or family coverage |
| GROUP LIFE INSURANCE | Benefit of $7,672-$24,935 depending on employee's age; $2,034 for retirees | Benefit of 1 to 2 times annual salary or $10,000-$50,000 flat amount |
| PENSION | Noncontributory, Contributory, and Hybrid plans (Defined Benefit Plan)<br><br>Benefits based on earnings and years of service<br><br>Other Plans:<br>Deferred Compensation and Tax-Deferred Annuity Plans | Generally, noncontributory plans<br><br>Benefits vary, based on earnings and years of service<br><br>Other Plans:<br>401(k) Plans |

*Benefits effective in 2014 and may vary by collective bargaining agreements. Subject to change.

**Source: U.S. Bureau of Labor Statistics, National Compensation Survey, March 2013

## FOR MORE INFORMATION

We hope this brief summary of your benefits has been helpful to you. If you need more benefit plan information, please call your Departmental Personnel Office at the number listed on the back of this booklet, or call the following offices:

**HAWAI'I EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)**
From Oahu, please call 586-7390.
From Neighbor islands, you may call toll-free at 1-800-295-0089.
For more information, please visit their website at: http://www.eutf.hawaii.gov

**EMPLOYEES' RETIREMENT SYSTEM (ERS)**

| | |
|---|---|
| Hawaii | 974-4076, 974-4077 |
| Maui | 984-8181, 984-8282 |
| Kauai | 274-3010, 274-3011 |
| Oahu | 586-1735 |

For Neighbor Islands, you may also call the Oahu office toll-free at:

| | |
|---|---|
| Hawaii | 974-4000 ext. 61735 |
| Maui | 984-2400 ext. 61735 |
| Kauai | 274-3141 ext. 61735 |
| Molokai/Lanai | 1-800-468-4644 ext. 61735 |

For ERS members residing on the Continental USA, you may call toll-free at 1-888-659-0708.

For more information, please visit their website at: http://ers.ehawaii.gov

**Hi529 – HAWAII'S COLLEGE SAVINGS PROGRAM**
Program Manager: Upromise Investments, Inc.
For more information, or to enroll, please visit their website at: www.hi529.com
Toll-free Information Line: 1-866-529-3343

**ISLAND SAVINGS PLAN / DEFERRED COMPENSATION PLAN**
Prudential Retirement
Toll-free Information Line: 1-888-71A-LOHA (1-888-712-5642), press option #1 for the Call Center or press option #2 for the Local Office.
For more information, please visit their website at: http://www.prudential.com/islandsavings

***ISLAND FLEX* PLAN**
Comprehensive Financial Planning, Inc.
From Oahu, please call 596-7006.
From Neighbor islands, you may call toll-free at 1-877-550-5552.
For more information, please visit their website at: http://www.compfinplan.com

**REACH PROGRAM**
WorkLife Hawaii
From Oahu, please call 543-8445.
From Neighbor islands, you may call toll-free at 1-800-994-3571.

**Note: If you need any auxiliary aids or services, contact the Department of Human Resources Development at 587-1050.**

For further information, please contact your Departmental Personnel Office.

**Personnel Offices**

| | |
|---|---|
| Accounting and General Services | 586-0369 |
| Agriculture | 973-9481 or 973-9482 |
| Attorney General | 586-1236 |
| Budget and Finance | 586-1598 |
| Business, Economic Development and Tourism | 586-2435 |
| Commerce and Consumer Affairs | 586-2838 |
| Defense | 733-4243 |
| Education - Employee Benefits Unit | 586-3245 |
| Governor's Office | 586-0130 |
| Hawaii State Public Library System | 831-6860 |
| Hawaiian Home Lands | 620-9540 |
| Health | 586-4512 |
| Human Resources Development | 587-1150 |
| Human Services | 586-5003 |
| Labor and Industrial Relations | 586-9044 |
| Land and Natural Resources | 587-0180 (TTD: 587-0190) |
| Lieutenant Governor's Office | 586-0255 |
| Public Safety | 587-1221 |
| Taxation | 587-1504 (TTD: 587-1417) |
| Transportation | 587-2145 |
| University of Hawaii | 956-8988 |

TTD = Text Telephone (for equal access to telephone use)

This booklet was
produced for the valuable employees
of the State of Hawai'i by the
Department of Human Resources Development
July 2014

Revised 7-1-14

# A Handbook for Survivors of State Employees

## Message to State Employees

*As an employee of the State, you are part of our family - our 'ohana. So we want to be sure that your loved ones are taken care of should something unfortunate happen to you. In the event of your death, we want your family members to know what to do and who they should turn to. And we're sure you feel the same way.*

*We have prepared this booklet to help your survivors determine which agencies and state departments they should contact to ensure they receive all the benefits - such as life insurance, health insurance, retirement, and social security - they are entitled to. We have also included important reference information (starting on page 8) to help them sort through your personal affairs.*

*We recommend that you take the time to review this information with your family and that you keep this booklet with all your important family papers. Taking a few minutes now to discuss this information with your family will make an already difficult time less burdensome.*

*We hope you find this booklet helpful. If you have further questions or need more information, contact your Departmental Personnel Office (see listing on back cover).*

• Please note that the information in this booklet is intended to address some of the more common concerns of State employees and their survivor(s) and does not constitute a legal document or contract. It lists only some of the benefits that may be available, as well as the procedures for obtaining them. State benefits vary by type of employment appointment and collective bargaining agreement, and are subject to change. For further information on the State's benefits, please contact your Departmental Personnel Office or refer to the applicable rules, laws, collective bargaining agreements, or benefit plan documents.

## Who Are Your Survivors?

Your "survivors" include all members of your immediate family who outlive you. Your "beneficiaries" are those people who are legally entitled to receive a portion of your assets or death benefits when you die. Your beneficiaries usually, but not always, include members of your immediate family, such as your spouse and/or children. Your spouse and/or dependent children may be entitled to some benefits simply because of their relationship to you. Other people, who you *designate* as beneficiaries, may be entitled to other death benefits. The information in this booklet is important for all of your survivors and beneficiaries.

If you have assigned someone as your administrator or personal representative to handle your affairs following your death, he/she may also find the information in this booklet helpful and you may want to give him/her a copy.

When you first became a state employee, you completed forms (see explanation on the following page regarding Forms D-90, E-1, and 1-A) that designated which person(s) you want to receive your work-related benefits upon your death. If you don't remember who you designated as your beneficiary(ies) or think you may need to change your beneficiary(ies), contact your Departmental Personnel Office. You should review these forms periodically - especially if you marry, have children, or divorce - because for some benefits, only the person(s) named, regardless of their current relationship to you, may receive your benefits.

When your survivors inquire with any agency about benefits or payments, they should be prepared to present documents which confirm their eligibility for benefits, such as a picture identification card, marriage certificate (spouse), birth certificate (child), or other appropriate documents.

## What Benefits Are Your Survivors Entitled To?

- ***Employee's Designation of Beneficiary*, Form D-90**
  **Department of Accounting and General Services**

________________________________________
(Write name(s) you designated as beneficiary on Form D-90)

If you have filed a Form D-90, the person(s) designated above is entitled to any unpaid compensation from the State, including unused vacation pay and unpaid wages. As long as this person remains the beneficiary named on this form, he/she is entitled to receive your unpaid compensation **regardless of his/her current relationship to you.**

Once the Department of Accounting and General Services reviews and approves the amount of unpaid compensation and processes the check, the check will be forwarded to your employing agency for release to the beneficiary(ies) named above. If he/she has questions, he/she should contact the appropriate Departmental Personnel Office (see listing on back cover).

- ***Hawaii Public Employees Health Fund Enrollment Application*, Form E-1**
  **Hawaii Public Employees Health Fund**

________________________________________
(Write name you designated as beneficiary on Form E-1)

This person(s) is entitled to receive the proceeds from your Health Fund group life insurance policy. As long as this person remains the beneficiary named on this form, he/she is entitled to receive your life insurance benefits **regardless of his/her current relationship to you.**

Upon your death, the Personnel Office will notify the Health Fund office of your death and instruct your beneficiary(ies) on how to file a claim for death benefits. If the Departmental Personnel Office finds that your name is not listed with them, this may mean that you purchased coverage through an employee organization (e.g. union) plan. If this is the case, your beneficiary(ies) should contact your employee organization (see list on page 11).

- ***Designation of Beneficiary*, Form 1-A (Contributory Plan Members Only)**
  **State Employees' Retirement System**

________________________________________
(Write name you designated as beneficiary on Form 1-A)

This person(s) is entitled to receive the death benefits payable from your Retirement Plan.

If you are under the Noncontributory Plan, you did not fill out a beneficiary designation form. Under this plan, the law requires that your benefits go to your surviving spouse and/or dependent children.

## Under the Contributory Plan

(hired prior to 1985 and remained in the Contributory Retirement Plan):

Ordinary Death Benefit. If death was due to natural causes, you were not on leave without pay, and you had at least 1 year of service credit, your beneficiary(ies) will receive a lump-sum payment consisting of your contributions and interest, plus 50-100% of one year's salary, depending upon your length of service. Your beneficiary may choose to receive a lifetime pension (Option 2 benefit - 100% Joint Survivor) instead of a lump-sum payment if you were eligible to retire at the time of death. If you were not eligible to retire, but had at least 10 years of credited service, your beneficiary may choose a reduced lifetime pension (Option 3 benefit - 50% Joint Survivor).

NOTE: If you want to give your beneficiary the opportunity to elect a lifetime pension, be sure to designate only one beneficiary on Form 1-A.

Accidental Death Benefit. If death was due to a job-related accident, your designated beneficiary(ies) will receive your accumulated contributions plus interest and your spouse will receive a monthly pension totalling 50% of your average final compensation until remarriage. If you don't have a spouse, your dependent children or dependent parent will receive these benefits.

If you were on leave without pay or terminated your employment with the State prior to your death, your beneficiary(ies) will receive your accumulated contributions plus interest.

## Under the Noncontributory Plan

(generally hired in 1985 or later):

Ordinary Death Benefit. If death was due to natural causes, you were not on leave without pay, and you had at least 10 years of service credit, your surviving spouse and dependent children will receive a monthly benefit. This benefit is payable to your spouse until remarriage and to your dependent children until they reach age 18.

Accidental Death Benefit. If death was due to a job-related accident, there is no minimum service credit requirement, and a monthly benefit is payable to your surviving spouse until remarriage and to your dependent children until they reach age 18.

If you were on leave without pay or terminated your employment with the State prior to your death, your beneficiary(ies) is not entitled to any benefits.

## What Your Survivors Should Do

In the event of your death, your survivors need to notify several state and federal offices so they can update records and process the necessary paperwork to distribute benefits. You will find a list of important addresses and phone numbers on pages 10 & 11 of this booklet. It would also be helpful if your survivors obtain copies of the death certificate from the Department of Health, Vital Records Section, to show to the various agencies. This would make things easier and faster.

**Notify:**

- Departmental Personnel Office: **Your survivor(s) should notify this office immediately** (See back cover for listings & telephone numbers).
- State Employees' Retirement System:
  For information/assistance on retirement benefits they may be entitled to.
- Social Security Administration:
  For information on social security benefits they may be entitled to.
- Internal Revenue Service/Hawai'i State Tax Office:
  For information/assistance in filing your final tax return.
- Employee Organizations (e.g. unions, see page 11 for listing).

Your survivor(s) will also need to contact various private institutions and businesses with whom you conducted business.

**Contact:**

- Banks, savings and loan companies, investment firms, and other similar companies with whom you may have conducted business. To assist your survivor(s) with this process, take a few minutes to fill in the information on pages 8 and 9. It will make it much easier for your survivor(s) to handle your personal affairs.

## Other Considerations

Upon your death, there are many other agencies and organizations your survivor(s) should contact. Oftentimes, survivors don't take advantage of many services available to them simply because they are not aware they exist. Depending on your individual circumstances (e.g. you are retired military, belong to a credit union), your survivor(s) may be entitled to extra assistance or benefits. The following chart should help your survivor(s) determine what extra steps they should take based on your circumstances.

| **If you . . .** | **Then your survivor(s) should....** |
|---|---|
| Were a veteran | Contact the Veteran's Administration to find out if any benefits are available; a copy of your discharge papers (DD214) is normally required. |
| Were retired military | Contact the appropriate branch military office, including the National Guard, because your family may be entitled to assistance from a Survivor's Assistance Officer to help them during their time of need and to help them apply for the various benefits to which they may be entitled. |
| Were a member of an employee organization (union) | Contact the appropriate employee organization to find out if they are covered by that organization's insurance plan (see page 11 for listing). |
| Belonged to a credit union | Contact one or more of the credit unions (listed on page 11); there may be checking, savings, and loan accounts in your name. |
| Participated in the State's Deferred Compensation Plan | Contact Hawaii Benefits, Inc. to find out if there is a retirement investment account in your name. |
| Were a DOE or UH employee & participated in a tax-sheltered annuity plan (TSA) | Contact the appropriate insurance carrier; or if unsure, contact your Departmental Personnel Office for the name of the insurance carrier and/or insurance agent. Also refer to the insurance carrier information on page 9. |
| Died as a result of a work-related injury or illness | Contact the appropriate Departmental Personnel Office to report the death. For additional information/advice, contact the Department of Labor and Industrial Relations (586-9159) to see if they are entitled to benefits under the Workers' Compensation Law. |
| Were covered by medical, prescription drug, vision, and/or adult dental plans with the State | Contact the Departmental Personnel Office for an explanation of available COBRA health insurance benefits. |
| and died in the performance of duty | After determination of eligibility by the Departmental Personnel Office, contact the Hawaii Public Employees Health Fund for health insurance enrollment information. |

## Information For Survivor(s) of:

**Name:** ______________________ **Department** ____________

**Division/Branch** ______________________ **SS#:** ____________

***Employee Organization:***

Name of your employee organization

Address — Phone

***Banking Institution:***

Name of your banking institution

Address — Phone

Account number(s) — Type of Account

***Savings and Loan:***

Name of your savings and loan institution

Address — Phone

Account number(s) — Type of Account

***Credit Union:***

Name of your credit union

Address — Phone

Account number(s) — Type of Account

***Investment Firm:***

Name of your investment firm

Address — Phone

Account number(s)

Name of account representative/broker

***Private Insurance:***

Name of insurance company

Address — Phone

Policy number(s)

Name of insurance representative

**Update the following information as often as changes occur:**

***Tax-Sheltered Annuity Plan:***

Name of tax-sheltered annuity company/organization

Address — Phone

Policy/account number(s)

Name of contact person

***Deferred Compensation Plan:***

Name of company/organization

Address — Phone

Policy/account number(s)

Name of contact person

***Other:***

Name of company/organization

Address — Phone

Policy/account number(s)

Name of contact person

***Other:***

Name of company/organization

Address — Phone

Policy/account number(s)

Name of contact person

***Attorney***

Your survivor(s) should also contact your family attorney concerning wills, claims for or against your estate, or other legal matters.

Name of law firm

[illegible] — Phone

Name of attorney

# Directory of Important Agencies and Organizations

## STATE

Department of Budget and Finance
Hawaii Public Employees Health Fund
201 Merchant Street, #1520
Honolulu, Hawai'i 96813
586-2121

Department of Budget and Finance
Employees' Retirement System
201 Merchant Street, #1400
Honolulu, Hawai'i 96813
586-1680
1-800-468-4644, ext. 6-1660 (toll-free)

Department of Health
Vital Records Section
1250 Punchbowl Street
Honolulu, Hawai'i 96813
586-4533

Department of Labor and Industrial Relations
Disability Compensation Division
830 Punchbowl Street, Rm. 211
Honolulu, Hawai'i 96813
586-9151

Department of Taxation
Taxpayer Services
830 Punchbowl Street
Honolulu, Hawai'i 96813
587-4242

Hawaii Benefits, Inc.
State of Hawai'i Deferred Compensation Administrator
567 South King Street, Suite 186
Honolulu, Hawai'i 96813
523-9102
1-800-272-7267 (toll-free)

## FEDERAL

Internal Revenue Service
Prince Kuhio Federal Bldg.
300 Ala Moana Blvd.
Honolulu, Hawai'i 96850
541-1040

Social Security Administration
Prince Kuhio Federal Bldg.
300 Ala Moana Blvd., Rm. 1123
Honolulu, Hawai'i 96850
1-800-772-1213 (toll-free)

Veterans Administration
Prince Kuhio Federal Bldg.
300 Ala Moana Blvd., Rm. 1004
Honolulu, Hawai'i 96850
566-1000

## EMPLOYEE ORGANIZATIONS

Hawaii Education Association
1649 Kalakaua Avenue
Honolulu, Hawai'i 96826
949-6657

Hawaii Federation of Teachers
1127 11th Avenue
Honolulu, Hawai'i 96816
737-7469

Hawaii Fire Fighters Assoc. AFL-CIO
2305 S. Beretania St., Rm. 202
Honolulu, Hawai'i 96826
949-1566

Hawaii Government Employees Assoc. (HGEA)
888 Mililani Street, Suite 601
Honolulu, Hawai'i 96813
536-2351

Hawaii Nurses Association
677 Ala Moana Blvd., #301
Honolulu, Hawai'i 96813
531-1628

Hawaii School Food Services Association
1106 Koko Head Avenue
Honolulu, Hawai'i 96816
733-8400

Hawaii State Teachers Association
2828 Paa Street, #2050
Honolulu, Hawai'i 96819
833-2711

Public Employees Management Assoc. of Hawaii (PEMAH)
451 Atkinson Drive
Honolulu, Hawai'i 96814
949-4161

University of Hawai'i Professional Assembly (UHPA)
1017 Palm Drive
Honolulu, Hawai'i 96814
593-2157

United Public Workers (UPW)
1426 N. School Street
Honolulu, Hawai'i 96817
847-2631

## CREDIT UNIONS

Hawaii State Employees' Federal Credit Union
560 Halekauwila St., 4th Floor
Honolulu, Hawai'i 96813
587-2700

Oahu Education Employees' Federal Credit Union
771 Amana Street
Honolulu, Hawai'i 96814
973-1300

Oahu One Credit Union
2219 Pauoa Road
Honolulu, Hawai'i 96813
521-6727

Oahu Teachers No. 2 Federal Credit Union
233 South Vineyard
Honolulu, Hawai'i 96813
521-0302

University of Hawai'i Federal Credit Union
2010 East-West Road
Honolulu, Hawai'i 96823
956-8578

Produced for the valuable employees
of the State of Hawai'i by the
Department of Human Resources Development

For further information, please contact your Departmental Personnel Office:

**Personnel Offices**

| | |
|---|---|
| Accounting and General Services | 586-0369 (V/TT) |
| Agriculture | 973-9481 |
| Attorney General | 586-1225 |
| Budget and Finance | 586-1819 |
| Business, Economic Development and Tourism | 586-2440 |
| Commerce and Consumer Affairs | 586-2838 |
| Defense | 732-3944 |
| Education — Employee Benefits Section | 586-3245 |
| Governor's Office | 586-0040 |
| Hawai'i State Public Library System | 586-3707 |
| Hawaiian Home Lands | 586-3814 |
| Health | 586-4513 (V) 586-4514 (TT) |
| Health - Division of Community Hospitals | 586-3997 (V) 586-3996 (TT) |
| Human Resources Development (formerly DPS) | 587-1166 |
| Human Services | 586-4959 (V/TT) |
| Labor and Industrial Relations | 586-9047 |
| Land and Natural Resources | 587-0180 (V) 587-0190 (TT) |
| Lieutenant Governor's Office | 586-0241 (V) 586-0281 (TT) |
| Public Safety | 587-1230 |
| Taxation | 587-1504 |
| Transportation | 587-2145 (V) 587-2322 (TT) |
| University of Hawai'i | 956-6416 |

TT = Text Telephone (for equal access to telephone use)
V/TT = Voice/Text Telephone

July 1994

Printed on recycled paper

State of Hawai'i

# Pre-Tax Transportation Benefit Pilot Program

# Participant Guide

*Note: This Participant Guide is only a brief summary of the Program. It is not a contract or binding agreement. It does not supersede laws, rules, and policies and procedures pertaining to the Pre-Tax Transportation Benefit Pilot Program, and is subject to change. The provisions in the "Policy Guidelines and Procedures for the Pre-Tax Transportation Benefit Pilot Program" constitute the official terms of the Program and its benefits, and control over the contents of this Participant Guide.*

**What is the Pre-Tax Transportation Benefit Pilot Program ("PTBP" or "Program")?**

This benefit pilot program is being offered to eligible employees of the State Executive Branch who live and work on Oahu. Eligible employees may purchase bus passes for TheBus, TheHandi-Van fare coupons and vouchers for the cost of their vRide (formerly known as Vanpool Hawaii) seat fees through payroll deduction before federal, State and FICA taxes are withheld, thereby increasing their take-home pay. Bus passes, Handi-Van fare coupons and vouchers purchased through this Program are non-transferable and non-refundable.

This Program is part of the State of Hawaii's Qualified Transportation Fringe Benefit Plan and is authorized under the Federal Transportation Equity Act for the 21st Century, and section 132(f) of the Internal Revenue Code.

**How does the Program work?**

If you travel to work on TheBus, by TheHandi-Van service or via a vanpool through vRide, you may authorize the State to have your bus pass expense, the cost of a pre-set amount of Handi-Van fare coupons or a pre-set amount for your vRide seat fees deducted from your paycheck on a pre-tax basis.

A single monthly payroll deduction will be made on the 20th of the month for all employees. Your employer will purchase a bus pass for TheBus, Handi-Van fare coupons or voucher redeemable with vRide to cover your seat fees for you, and distribute it to you on a monthly basis.

**Who are eligible to participate in the Program?**

Employees of the State Executive Branch (excluding the Department of Education):

1) Who are eligible to participate in the State of Hawai'i Employees' Retirement System;
2) Who live and work on Oahu; and
3) Who do not have parking in a State-controlled lot with a parking payroll deduction[1].

Employees enrolling in the Program for TheHandi-Van service must also:

4) possess a current Handi-Van Photo Identification Card issued by TheBus, Oahu's transit system contracted by the City and County of Honolulu for transportation services on Oahu.

Employees enrolling in the Program for vRide must also:

5) be participating in a vanpool through vRide, a ridesharing commuter program administered by VPSI, Inc.

**Are there any limits to the amount I can pre-tax in this program?**

Yes, the maximum allowable per month is set by the Internal Revenue Service (IRS).

**Will my retirement, social security, deferred compensation or tax-sheltered annuity plan benefits be affected?**

The Program will not affect your State Employees' Retirement System Plan benefits.

Your Social Security benefits may be slightly reduced because your Social Security benefits and taxes will be calculated on your reduced salary amount.

Your enrollment in the Program may affect your Deferred Compensation or Tax-Sheltered Annuity Plan contributions if your contributions are based on a percentage, as opposed to a fixed dollar amount.

[1] An employee participating in a vanpool with vRide under this Program may retain or take a parking assignment in a State-controlled lot on a post-tax basis.

## How much will I save?

The savings for each employee will vary depending on your tax bracket, but the following provides an example of how this benefit works:

Based on an annual salary of $24,000*

| | PTBP Bus Pass | No PTBP Bus Pass | PTBP Handi-Van | No PTBP Handi-Van | PTBP vRide | No PTBP vRide |
|---|---|---|---|---|---|---|
| Salary | $24,000.00 | $24,000.00 | $24,000.00 | $24,000.00 | $24,000.00 | $24,000.00 |
| Pre-Tax | 720.00** | -0- | 960.00+ | -0- | 1,560.00# | -0- |
| Taxable Income | 23,280.00 | 24,000.00 | 23,040.00 | 24,000.00 | 22,440.00 | 24,000.00 |
| Federal Tax | 1,468.80 | 1,540.80 | 1,444.80 | 1,540.80 | 1,384.80 | 1,540.80 |
| State Tax | 1,009.92 | 1,056.00 | 994.56 | 1,056.00 | 956.16 | 1,056.00 |
| FICA Tax | 1,781.04 | 1,836.00 | 1,762.56 | 1,836.00 | 1,716.72 | 1,836.00 |
| After-Tax Deduction | -0- | 720.00** | -0- | 960.00+ | -0- | 1,560.00# |
| Spendable Income | 19,020.24 | 18,847.20 | 18,838.08 | 18,607.20 | 18,382.32 | 18,007.20 |
| **Tax Savings Per Year** | **$173.04** | | **$230.88** | | **$375.12** | |

*(Note: The chart is being provided for illustrative purposes only. Withheld taxes are based on 2015 Federal & 2015 State Income Tax Withholding Tables.)*

*Claiming married and 0 exemptions

**Monthly Bus Pass rate of $60

+ Monthly Handi-Van deduction of $80

# Monthly vRide deduction of $130

## When and how do I enroll?

If you are an eligible employee interested in enrolling in the PTBP Program, you must complete and submit the "State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form" to your Department Coordinator. Enrollment may occur at any time during the year. Please note that participation shall become effective as soon as administratively possible, on a prospective basis.

You may obtain the "State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form" from your Department Coordinator or you may download it from the DHRD website:
http://dhrd.hawaii.gov/state-employees/employee-benefits/tax-savings-plan-benefits/

**What do I have to do if I no longer wish to participate in the Program?**
You may obtain a "State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Cancellation Form" from your Department Coordinator, or you may download it from the DHRD website:
http://dhrd.hawaii.gov/state-employees/employee-benefits/tax-savings-plan-benefits/
The completed form must be received by your Department Coordinator no less than thirty-five (35) calendar days prior to the month for which the cancellation is to be effective[2]. For example, to cancel your bus pass for November, the cancellation form must be received by your Department Coordinator by September 27.

**Once I cancel, will I be able to re-enroll at a later time?**
Yes, you may re-enroll at any time during the year. Please note that participation shall become effective as soon as administratively possible, on a prospective basis.

**What must I do if I transfer to another department within the State Executive Branch and wish to continue to participate in the Program?**
You must cancel your existing payroll deduction with your current department and re-enroll in the Program with your new department. Please keep in mind that payroll deductions are made one month in advance. Therefore, your Cancellation Form must be received by your current Department Coordinator at least thirty-five (35) calendar days before the effective date of the cancellation and your Enrollment Form must be received by your new Department Coordinator no later than thirty-five (35) calendar days after your effective date of hire with your new department.

[2] vRide participants must provide VPSI, Inc. the administrator of vRide, no less than 30 days notice of cancellation.

**Other than the regular monthly bus pass, are other types of bus passes offered as part of the Program?**

Yes. Senior and Disability Annual Bus Passes are also offered through the PTBP Program. If you are interested in participating in the PTBP Program for a Senior or Disability Annual Bus Pass, please contact your Department Coordinator.

**What if I have more questions?**

If you have other questions about the program or need help completing your enrollment form, please call your Department Coordinator. More information may also be found on the DHRD website:
http://dhrd.hawaii.gov/state-employees/employee-benefits/tax-savings-plan-benefits/.

Revised 02/01/16

# Pre-Tax Transportation Benefit Pilot Program

## A Program for Eligible Employees of the State Executive Branch

### PRE-TAX TRANSPORTATION BENEFIT PILOT PROGRAM

The Pre-Tax Transportation Benefit Pilot Program ("PTBP" or "Program") is being offered to eligible Oahu employees of the State Executive Branch. This is a **tax savings benefit program** which is authorized under the Federal Transportation Equity Act for the 21st Century, Section 132(f) of the Internal Revenue Code (IRC). This Act allows employees to pay for qualified transportation expenses ***before*** federal, State and FICA taxes are computed.

Please read this flyer carefully so that you can determine the Program's effect on your retirement, social security, deferred compensation, and tax-sheltered annuity benefits.

### WHAT QUALIFIED TRANSPORTATION EXPENSES ARE INCLUDED IN THE PROGRAM?

- Bus Passes for TheBus;
- TheHandi-Van service; and
- vRide (fka Vanpool Hawaii) fees

### WHO'S ELIGIBLE TO PARTICIPATE?

Employees of the State Executive Branch (excluding the DOE) who are eligible to participate in the State of Hawai'i Employees' Retirement System, who live and work on Oahu, and who do not have parking in a State-controlled lot with a parking payroll deduction are eligible to participate. If you would like to participate in vRide, you may retain or take a parking assignment in a State controlled lot on a post-tax basis. If you would like to enroll in the Program for Handi-Van services, you must also possess a current Handi-Van Identification Card issued by TheBus.

### HOW DOES THE PROGRAM WORK?

You may authorize your employer to have your designated transportation expenses deducted from your paycheck(s) on a **pre-tax** basis. This means you will save money on your bus pass, Handi-Van or vRide expenses.

A single recurring monthly payroll deduction will be made ***before*** federal, State and FICA taxes are withheld.

The single monthly deductions will occur on the 20th of each month.

Your employer will purchase a regular bus pass, Handi-Van fare coupons or vouchers redeemable with vRide and distribute it to you on a monthly basis.

*For Senior and Disability Annual Bus Passes:* A one-time deduction will be made and a voucher, to be redeemed with TheBus when obtaining your annual bus pass, will be purchased and distributed to you.

Your bus pass, Handi-Van fare coupons or vouchers are for your use only and cannot be used by your spouse, dependents, or others.

### HOW MUCH WILL I SAVE?

The savings for each employee will vary depending on your tax bracket, but the following provides an example of how this benefit works:

Based on an annual salary of $24,000*

| | Pre-Tax | After-Tax |
|---|---|---|
| Salary | $24,000 00 | $24,000 00 |
| Pre-Tax | 720.00** | -0- |
| Taxable Income | 23,280 00 | 24,000 00 |
| Federal Tax | 1,468.80 | 1,540 80 |
| State Tax | 1,009 92 | 1,056 00 |
| FICA Tax | 1,781.04 | 1,836 00 |
| After-Tax Deduction | -0- | 720 00** |
| Spendable Income | 19,020.24 | 18,847.20 |
| Tax Savings Per Year | $173.04 | |

(Note: The chart is being provided for illustrative purposes only. Withheld taxes are based on 2015 Federal & 2015 State Income Tax Withholding Tables.)

*Claiming married and 0 exemptions
**Monthly Bus Pass rate of $60 00

***Employees participating in the Program for TheHandi-Van service and vRide fees may expect an even greater annual tax savings!***

### HOW DO I ENROLL?

***For Bus Passes***

***Eligible employees interested in a regular monthly bus pass may enroll any time during the year.***

Submit a "State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form" or "Enrollment Form" to your Department Coordinator. The Enrollment Form may be obtained from your Department Coordinator or you may download it from the DHRD website:

http://dhrd.hawaii.gov/state-employees/employee-benefits/

Passes/vouchers will be issued provided a valid payroll deduction can be made from your paycheck. Payroll deductions and issuance of monthly passes/vouchers will automatically continue until you cancel your enrollment.

*If you are interested in a Senior or Disability Annual Bus Pass, please contact your Department Coordinator.*

***For The Handi-Van services:***

Handi-Van eligible employees or employees that become Handi-Van eligible may submit a completed Enrollment Form to your Department Coordinator any time during the year. Handi-Van fare coupons will be purchased and issued to you provided a valid payroll deduction can be made from your paycheck.

You can obtain more information about TheHandi-Van service by visiting TheBus website: http://www.thebus.org/

***For vRide participants:***

vRide participants may submit a completed Enrollment Form to your Department Coordinator any time during the year. Vouchers, redeemable with vRide for your vanpool fees, will be purchased and issued to you provided a valid payroll deduction can be made from your paycheck.

You can obtain more information about joining a vanpool with vRide by calling 596-VANS(8267) or visiting the vRide website at: http://www.vride.com

Payroll deductions and issuance of monthly bus passes, Handi-Van fare coupons and vouchers for vRide will automatically continue until you cancel your enrollment in the Program.

### MAY I CANCEL MY ENROLLMENT?

Yes, to cancel, you must submit a "State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Cancellation Form" or "Cancellation Form" to your Department Coordinator, who must receive it **no less than 35 days prior to the month for which cancellation is to be effective.**

You may obtain a Cancellation Form from your Department Coordinator, or you may download it from the DHRD website.

### ONCE I CANCEL, WILL I BE ABLE TO RE-ENROLL AT A LATER TIME?

Yes, you may re-enroll at any time during the year. Please note that participation shall become effective as soon as administratively possible, on a prospective basis.

### WILL MY RETIREMENT, SOCIAL SECURITY, DEFERRED COMPENSATION OR TAX-SHELTERED ANNUITY PLAN BENEFITS BE AFFECTED?

The Program will not affect your **State Employees' Retirement System (ERS)** Plan benefits.

Participation in the Program may affect your **Deferred Compensation Plan, or Tax-Sheltered Annuity (TSA) Plan** contributions, if your contributions are based on a percentage of your salary, rather than a fixed dollar amount.

Your **Social Security benefits** may be slightly reduced because your Social Security benefits and taxes will be calculated on your reduced salary amount.

***For more information***, contact your Department Coordinator or visit the DHRD website:

http://dhrd.hawaii.gov/state-employees/employee-benefits/

*Note: This Informational Flyer is only a brief summary of the Program. The provisions in the "Policy Guidelines and Procedures for the Pre-Tax Transportation Benefit Pilot Program" constitute the official explanation of the Program and its benefits, and control over the contents of this Informational Flyer.*

Revised 02/01/16

# STATE OF HAWAI'I
# PRE-TAX TRANSPORTATION BENEFIT PILOT PROGRAM
# EMPLOYEE ENROLLMENT FORM

This enrollment form shall authorize payroll deductions on a pre-tax basis for qualified expenses under the Pre-Tax Transportation Benefit Pilot Program ("Program"), under the State of Hawai'i Qualified Transportation Fringe Benefit Plan, a qualified transportation fringe benefits plan established under section 132(f) of the Internal Revenue Code. To participate in the Program, please complete this enrollment form and return it to your Department Coordinator.

**Employee Name:** ______________________________ **Social Security No.** xxx-xx- __ __ __ __
(Please Print)

**Dept./Div./Branch** ______________________________ **Phone Nos.: Work:**_________

**Email Address:** ______________________________ **Home:** ________ **Cell:**___________

**Date of Hire (if a new employee):** ____________________

**Please enroll me in the Pre-Tax Transportation Benefit Pilot Program for the following:**

☐ **Regular Monthly Bus Pass for TheBus - $60**

☐ **Pre-Set Monthly Handi-Van Deduction - $80** **Handi-Van ID No.:** ___________
**(40 Handi-Van fare coupons @ $2 each)** **Exp. Date:** ___________

☐ **vRide (formerly known as Vanpool Hawaii) - Vanpool seat fee - $250**
**(vouchers issued by TheBus – redeemable with vRide)**

Did you transfer from another department within the Executive Branch in which you were participating in the Pre-Tax Transportation Benefit Pilot Program? No _____ Yes ______; If yes, which department:________________

Do you hold another State job? No _____ Yes _____; If yes, with which department: ______________
For those enrolling in the Program for bus passes and Handi-Van fare coupons, are you giving up your State Parking to join the Program? No______ Yes _______

☐ **Enroll me in the Pre-Tax Transportation Benefit Pilot Program for the transportation service I have designated above** so that I may purchase my monthly bus pass, Handi-Van fare coupons or vouchers for my vRide seat fee through monthly pre-tax payroll deductions. I have read and understand the Program Participant Guide and Informational Flyer.

I understand that the State shall deduct the cost of the bus pass, Handi-Van fare coupons or vouchers for my vRide seat fee that I indicated above from my pay on a pre-tax basis for the purpose of purchasing a standard adult bus pass, Handi-Van fare coupons or vouchers for my vRide seat fee and that the amount of these passes, fare coupons and voucher costs may change at any time in accordance with the Ordinances of Honolulu or vRide fee schedule. I understand that the bus pass, Handi-Van fare coupons or vouchers are for my use only and cannot be used by my spouse, dependents, or others.

I understand that no agency or employee of the State shall be responsible for any lost or unwanted passes, fare coupons or vouchers that have been distributed to me.

I understand that if there are insufficient earnings in a given pay period to deduct the full amount of the bus pass, Handi-Van fare coupons or vouchers for vRide, I will not receive a pass, coupons or vouchers for the following month; and if I am overpaid during any given pay period and am issued a pass, fare coupons or vouchers, I shall be responsible for reimbursing my employer for the cost of the pass, fare coupons or vouchers.

State of Hawai'i employees:

# Make saving for your child's college education automatic.

Now you can save for college through automatic payroll contributions to HI529 — Hawai'i's College Savings Program. When you enroll in HI529 you get Hawai'i's state-sponsored, qualified tuition program that offers you tax advantages today and can help your children when they're ready for college tomorrow.

## HI529 offers valuable benefits, including:

- Easy, low-cost enrollment — open an account through payroll deduction for as little as $15 per paycheck
- Professionally managed investments through The Vanguard Group, Inc.
- Generous tax benefits
- Control over the account
- Additional college savings through the free Upromise® rewards service*

With HI529, your money can go farther: your investment grows tax-deferred and withdrawals used for qualified educational expenses (at any eligible 2- and 4-year college, vocational, or technical school around the country) are free from federal and Hawai'i state taxes.**

An education is one of the most important gifts we can give our keiki; with HI529, every State employee has the opportunity to help that gift become a reality. Just remember that the sooner you begin, the more time you'll have to invest in your children's future.

**See reverse side to find out how you can start saving through payroll deduction today!**

Questions?
Call 1.866.529.3343 or visit www.hi529.com/state for more information.

* The Upromise rewards service is an optional service offered by Upromise, Inc. and is separate from HI529. Specific terms and conditions apply. Participating companies, contribution levels, terms and conditions subject to change without notice.

** Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

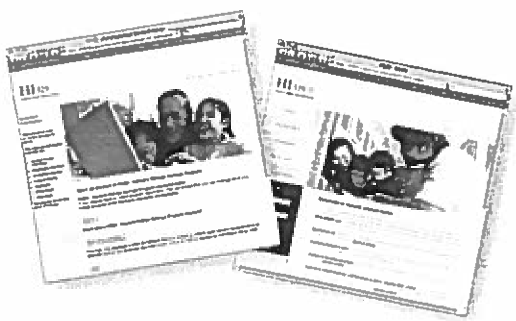
HI529
Hawaii's College Savings Program

# Sign up today for HI529 with payroll deduction.

**ONLINE ENROLLMENT:**

**Step 1**
Follow the online enrollment instructions at **www.hi529.com/state,** and select Payroll Deduction as the method of funding the account in the Initial Contribution Method section of the online enrollment process. Be sure to check the box indicating that you are a State of Hawaii employee! Select your State Department, and make sure that the Account Owner name you use to set up your HI529 account matches the name on your paycheck.

**Step 2**
No further action needs to be taken by you, the Account Owner. HI529 will send the information directly to the Department of Accounting and General Services, who will begin the process of sending contributions directly from your paycheck to your HI529 account.



Visit **www.hi529.com/state** to enroll online, or download an enrollment kit and mail the completed application.

**PAPER ENROLLMENT APPLICATION:**

**Step 1**
Download an enrollment kit from **www.hi529.com/state,** or call the Program toll-free at **1.866.529.3343** to have an enrollment kit mailed directly to you.

**Step 2**
Complete the Program application and select Payroll Deduction as the method of funding the account in the Initial Contribution Method section of the form. Be sure to check the box indicating that you are a State of Hawaii employee! Fill in your State Department and make sure that the Account Owner name you use to set up your HI529 account matches the name on your paycheck.

**Step 3**
Mail the completed application(s) to:
**HI529—Hawai'i's College Savings Program**
Upromise Investments Service Center
P.O. Box 55574
Boston, MA 02205-5574

**Step 4**
No further action needs to be taken by you, the Account Owner. HI529 will send the information directly to the Department of Accounting and General Services, who will begin the process of sending contributions directly from your paycheck to your HI529 account.

HI529
Hawaii's College Savings Program

**For more information about HI529—Hawaii's College Savings Program, call 1-866-529-3343 or visit www.hi529.com to obtain a Plan Disclosure Statement. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Disclosure Statement; read and consider it carefully before investing. Upromise Investments, Inc., is the Distributor and Underwriter.**

**If you are not a Hawaii taxpayer, consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.**

The State of Hawaii's College Savings Program Trust Fund (the "Trust") is a trust created by the State of Hawaii. When you invest in HI529—Hawaii's College Savings Program (the "Plan"), you are purchasing portfolio units issued by the Trust. Portfolio units are municipal securities. The Plan is administered by the Director of Finance of the Department of Budget and Finance on behalf of the State of Hawaii. Upromise Investments, Inc., and Upromise Investment Advisors, LLC, serve as the Program Manager and recordkeeping and administrative servicing agent, respectively, with overall responsibility for the day-to-day operations, including effecting transactions. The Vanguard Group, Inc., serves as Investment Manager for the Plan. The Plan's portfolios, although they invest in mutual funds, are not mutual funds.

Investment returns are not guaranteed, and you could lose money by investing in the Plan. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state tax consequences.

# EMPLOYEE RIGHTS AND RESPONSIBILITIES UNDER THE FAMILY AND MEDICAL LEAVE ACT

### Basic Leave Entitlement

FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons:

- for incapacity due to pregnancy, prenatal medical care or child birth;
- to care for the employee's child after birth, or placement for adoption or foster care;
- to care for the employee's spouse, son, daughter or parent, who has a serious health condition; or
- for a serious health condition that makes the employee unable to perform the employee's job.

### Military Family Leave Entitlements

Eligible employees whose spouse, son, daughter or parent is on covered active duty or call to covered active duty status may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is: (1) a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness*; or (2) a veteran who was discharged or released under conditions other than dishonorable at any time during the five-year period prior to the first date the eligible employee takes FMLA leave to care for the covered veteran, and who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness.*

***The FMLA definitions of "serious injury or illness" for current servicemembers and veterans are distinct from the FMLA definition of "serious health condition".**

### Benefits and Protections

During FMLA leave, the employer must maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

### Eligibility Requirements

Employees are eligible if they have worked for a covered employer for at least 12 months, have 1,250 hours of service in the previous 12 months*, and if at least 50 employees are employed by the employer within 75 miles.

***Special hours of service eligibility requirements apply to airline flight crew employees.**

### Definition of Serious Health Condition

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

### Use of Leave

An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

### Substitution of Paid Leave for Unpaid Leave

Employees may choose or employers may require use of accrued paid leave while taking FMLA leave. In order to use paid leave for FMLA leave, employees must comply with the employer's normal paid leave policies.

### Employee Responsibilities

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days notice is not possible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

Employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave.

### Employer Responsibilities

Covered employers must inform employees requesting leave whether they are eligible under FMLA. If they are, the notice must specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the employer must provide a reason for the ineligibility.

Covered employers must inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA-protected, the employer must notify the employee.

### Unlawful Acts by Employers

FMLA makes it unlawful for any employer to:

- interfere with, restrain, or deny the exercise of any right provided under FMLA; and
- discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

### Enforcement

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

**FMLA section 109 (29 U.S.C. § 2619) requires FMLA covered employers to post the text of this notice. Regulation 29 C.F.R. § 825.300(a) may require additional disclosures.**

**For additional information:**
1-866-4US-WAGE (1-866-487-9243) TTY 1-877-889-5627
**WWW.WAGEHOUR.DOL.GOV**

U.S. Department of Labor | Wage and Hour Division

WHD Publication 1420 · Revised February 2013