


**STATE OF HAWAII**  
**DEPARTMENT OF EDUCATION**  
**KA 'OIHANA HO'ONA'AUAO**  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

OFFICE OF TALENT MANAGEMENT

February 5, 2024

Circulate and Post  
Annual Memo

TO: Assistant Superintendents  
Complex Area Superintendents  
Principals (All)  
School Administrative Services Assistants

FROM: Sean Bacon   
Sean.Bacon (Feb 5, 2024 16:48 HST)  
Assistant Superintendent

SUBJECT: Hawaii State Department of Education's Post-Separation Vacation Pay  
Deferral Program

The Post-Separation Vacation Pay Deferral (PSVPD) Program provides all Hawaii State Department of Education (Department) employees who earn vacation leave credits the ability to defer pay or compensation received for unused vacation leave credits after separation from service due to retirement. Employees can defer with either the State of Hawaii Deferred Compensation (Island Savings Plan) and/or 403(b) tax-sheltered annuity (TSA) voluntary retirement plans. Deferring pay for unused vacation leave credits can provide tax savings on such pay in addition to significantly increasing an employee's retirement savings.

Employees may defer post-separation pay if the following requirements are met:

- 1) Deferral request is made while the employee is still employed with the Department no later than 90 days prior to the retirement date;
- 2) Deferral takes place within two and one-half months (approximately 75 calendar days) from the employee's date of separation from service due to retirement; and
- 3) Deferral is within the applicable annual contribution limits, as established by the Internal Revenue Service.

Assistant Superintendents, et al.  
February 5, 2024  
Page 2

To ensure the timely processing of vacation payment and deferral, employees should contact their school/office to request the completion and submission of the *Application for Transfer of Vacation and Sick Leave Credit or Payment in Lieu of Vacation* (Form G-2) to the Department's Leave Management Unit within seven (7) calendar days after the retirement date. Any portion of an employee's unused vacation pay that is not able to be deferred will be paid in the usual manner for post-separation pay. All State and Federal taxes shall apply.

An information sheet, set of instructions, process flow chart, schedule of deadlines, request forms, other pertinent forms, and frequently asked questions are attached. It is very important to follow the steps outlined in the attached instructions (Attachment 2) to successfully defer within the applicable time limits imposed by the Internal Revenue Service.

Should there be any questions regarding the final vacation payout amount, please contact the Office of Fiscal Services (OFS), Operations Section, at (808) 784-6000.

For other general questions, the Employee Benefits Unit may be contacted at (808) 441-8311 or via e-mail at [employee.benefits@k12.hi.us](mailto:employee.benefits@k12.hi.us).

SB:skmt  
Attachments

c: Superintendent  
Deputy Superintendents  
OFS – Accounting Director, Leave Management Unit, and Payroll Unit  
Island Savings Plan, Empower Retirement  
National Benefit Services, LLC  
Department of Human Resources Development, Employee Assistance Office  
Personnel Regional Officers

## POST-SEPARATION VACATION PAY DEFERRAL (PSVPD)

### Information Sheet

This is a voluntary program that provides the Hawaii State Department of Education (Department) employees the ability to defer pay or compensation that the employee receives for unused vacation leave credits after separation from service due to retirement. Deferring pay for unused vacation leave credits (usually a sizable amount) can provide tax-savings on such pay in addition to significantly increasing an employee's retirement savings. You may want to contact your financial advisor to determine if participating in the PSVPD program is right for you.

The Internal Revenue Service issued regulations that allow deferral of pay received after separation from service, provided such pay is paid out and deferred within two and a half (2-1/2) months from the date of separation, among other requirements. Based on these regulations, Department employees are able to defer pay for unused vacation received after separation from service due to retirement.

Pay that you receive after separation from service due to retirement may be deferred to your deferred compensation (Island Savings Plan) and/or 403(b) tax-sheltered annuity (TSA) voluntary retirement plans if the following requirements are met:

- 1) Your deferral request is made while you are still employed with the Department no later than 90 days prior to your retirement date, unless waived by the Department's Payroll Unit; and
- 2) Deferral takes place within 2-1/2 months (approximately 75 calendar days) from your date of separation from service due to retirement (COB date) among other requirements; and
- 3) Your deferral is within the applicable annual contribution limits, as established by the Internal Revenue Service. To receive assistance in determining your contribution limits, you may speak with either,
  - a. An Island Savings Plan representative from Empower Retirement's Honolulu Office by calling 1-888-712-5642 and press '2' when prompted. You may also contact representatives via Empower Retirement's website at [www.empower.com/islandsavings](http://www.empower.com/islandsavings), or by email at: [isp\\_hawaii@empower.com](mailto:isp_hawaii@empower.com), or
  - b. The Department's 403(b) TSA Plan Administrators from National Benefit Services (NBS) LLC. Their contact toll-free phone number is 800-274-0503, ext. 504, or via email at: [HawaiiDOE403b@nbsbenefits.com](mailto:HawaiiDOE403b@nbsbenefits.com). The NBS website is [www.hawaiidoe403b.com](http://www.hawaiidoe403b.com).

Any portion of your unused vacation pay that is not able to be deferred will be paid to you in the usual manner for post-separation pay. All State and Federal taxes shall apply.

**POST-SEPARATION VACATION PAY DEFERRAL (PSVPD) TO THE STATE OF HAWAII  
DEFERRED COMPENSATION PLAN (ISLAND SAVINGS PLAN) AND/OR  
TAX-SHELTERED ANNUITY (TSA) PLANS**

**INSTRUCTIONS**

The deferral of pay for unused vacation to your State of Hawaii deferred compensation and/or 403(b) TSA plans require many steps and a great deal of coordination by several agencies. It is very important that the steps outlined in these instructions be followed to result in a successful deferral within the applicable time limits imposed by the Internal Revenue Service.

STEP 1. Read and review the following:

- Post-Separation Vacation Pay Deferral (PSVPD) Information Sheet (Attachment 1)
- Request for a Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or 403(b) Tax-Sheltered Annuity (TSA) Voluntary Retirement Plans (Attachment 5)
- 2024 Schedule for Post-Separation Vacation Pay Deferral (Attachment 4)
- Island Savings Plan PSVPD Election Form (Attachment 7)
- Tax Shelter Annuity 403(b) SRA Form (DOE OTM 100-003) (Attachment 8)

STEP 2. Contact your school/office to request that they provide you with your latest Leave Status Report and copies of any subsequent year Form 7 (leave attendance record).

STEP 3. Complete the Request for a Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or 403(b) Tax-Sheltered Annuity (TSA) Voluntary Retirement Plans (Attachment 5) and submit it to the Hawaii State Department of Education's (Department) Leave Management Unit (LMU) with a copy of your latest Time and Attendance (TnA) Form 7 (Leave Attendance Record) as soon as you decide you would like to defer your unused vacation pay no later than 90 days prior to your retirement date.

Note: The form requires that you provide the Target Vacation Payout and Deferral Date. To find this date, see 2024 Schedule for Post-Separation Vacation Pay Deferral (Attachment 4) for your date of separation from the Department's service (Column A), to your Target Date of Vacation Payout and Deferral (Column G). Step 3 must be completed first before moving on to Step 4.

STEP 4. Submit your completed State of Hawaii Deferred Compensation (Island Savings Plan) Post-Separation Vacation Pay Deferral Election Form (Attachment 7) and/or State of Hawaii DOE 403(b) Plan Salary Reduction Agreement (Attachment 8) form to the Department's LMU. Fax a copy to either the Island Savings Plan Empower Retirement's Honolulu Office and/or the National Benefit Services, no later than 90 days prior to your retirement (Attachment 4, Column B). Submission of both forms to respective entities must occur before your separation from service. A new account can only be established while actively employed.

Contact information for deferrals to the State of Hawaii Deferred Compensation (Island Savings Plan) at Empower Retirement:

Phone: 1-888-712-5642, press '2' when prompted to be linked to the  
Empower's Honolulu Office

Fax: (808) 536-0572                      Address: 1100 Alakea Street, Suite 1550  
Honolulu, HI 96813

Email address: [isp\\_hawaii@empower.com](mailto:isp_hawaii@empower.com)

Contact information for deferrals to the TSA Program representatives at National Benefit Services:

Phone: (800) 274-0503 ext. 504 (toll-free)

Fax: (800) 597-8206                      Address: 430 W 7<sup>th</sup> Street, Suite 219006  
Kansas City, MO 64105-1407

Email address: [HawaiiDOE403b@nbsbenefits.com](mailto:HawaiiDOE403b@nbsbenefits.com)

**POST-SEPARATION VACATION PAY DEFERRAL (PSVPD) TO THE STATE OF HAWAII DEFERRED COMPENSATION PLAN (ISLAND SAVINGS PLAN) AND/OR TAX-SHELTERED ANNUITY PLANS**

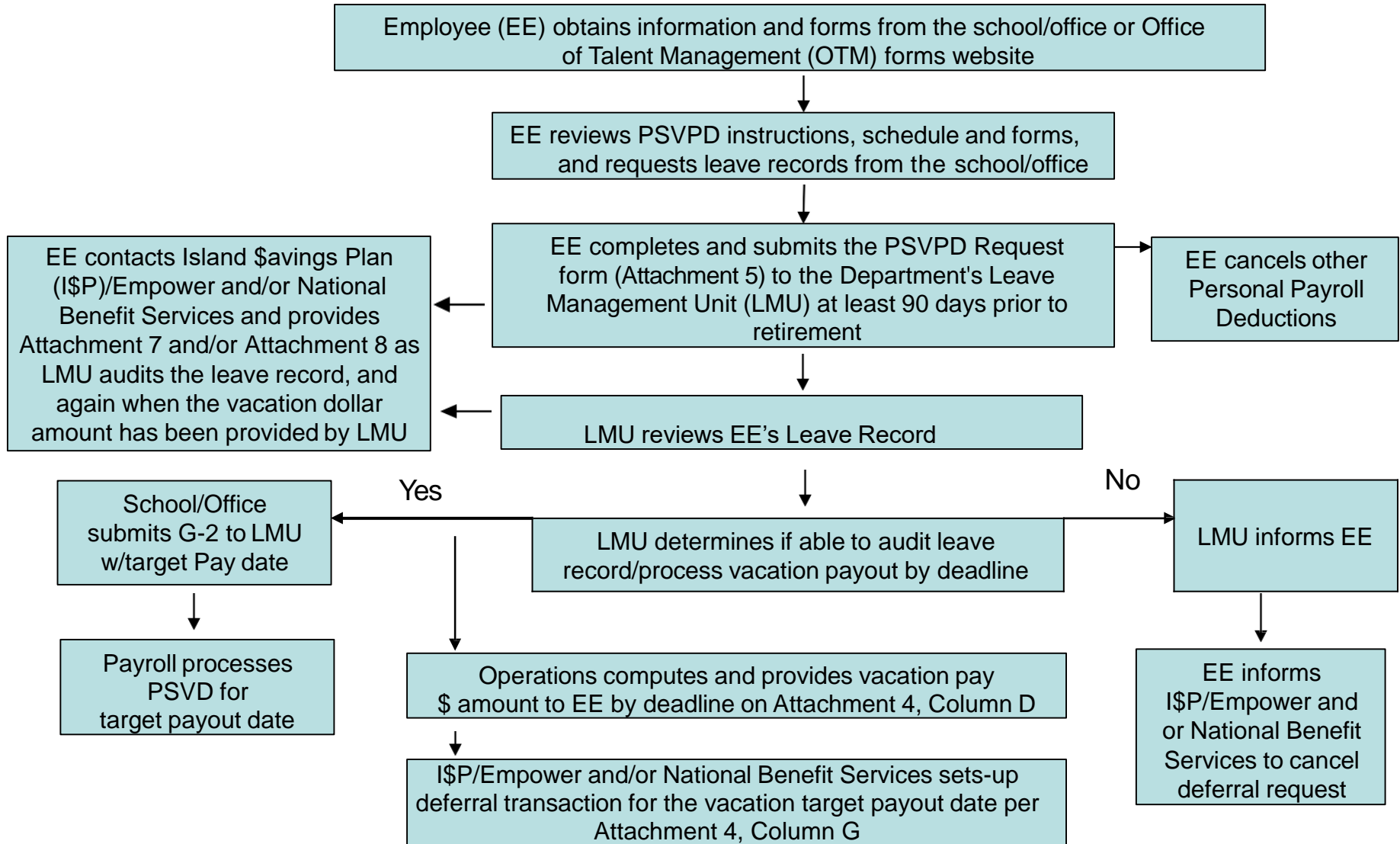
**INSTRUCTIONS**

- STEP 5. Contact your school/office to request that they complete and submit the Application for Transfer of Vacation and Sick Leave Credit or Payment in Lieu of Vacation (Form G-2) (Attachment 6) to the Department's Payroll Unit within seven calendar days after your retirement date. Please note on the upper right corner "DEFERRED VACATION PAYOUT" and under SECTION A, note, "EMPLOYEE PARTICIPATING IN PSVPD PROGRAM, TARGET VACATION PAYOUT DATE: \_\_\_\_\_".
- STEP 6. Cancel personal payroll deductions you have authorized with your selected State agency or entity – except for your deferred compensation plan and/or 403(b) TSA deductions. Such personal payroll deductions include, but are not limited to, parking fee deductions with the Department of Accounting and General Services/Parking Control; Union benefit plans with your applicable Employee Union; Flexible Spending Account Plan (Island Flex); credit union with which you are a member; etc. Requests to cancel your personal payroll deductions should be submitted as soon as possible and made effective upon your separation date from service due to retirement.
- Note: It is important to cancel your personal payroll deductions (non-deferred compensation) to prevent such deductions from occurring when your unused vacation pay is paid out which may affect the amount actually deferred to your deferred compensation (Island Savings Plan) and/or TSA plans.
- STEP 7. Obtain your final unused vacation payout dollar amount (not vacation leave hours) from the Department's Leave Management Unit by the date listed in Column D (Attachment 4).
- STEP 8. Provide your final unused vacation payout dollar amount to the Island Savings Plan representatives at Empower Retirement's Honolulu Office and/or TSA Program representatives at National Benefit Services, LLC, or your financial advisor using the prescribed forms for each company as soon as possible, and no later than the date listed in Column E (Attachment 4).
- For deferral to your 403(b) TSA plan(s), complete the DOE OTM 100-003 State of Hawaii DOE 403(b) Plan/Salary Reduction Agreement Form, Rev. 08/09/2022 (Attachment 8) by the date listed in Column E (Attachment 4) and fax the completed form to National Benefit Services, LLC. See Step 4 for the fax number.

**IMPORTANT:**

Should you decide not to separate service or change your effective date of retirement, you must notify the Department's Leave Management Unit, Island Savings Plan at Empower Retirement's Honolulu Office, and/or the 403(b) TSA Program representatives at National Benefit Services as soon as possible. You will also need to submit the required paperwork to stop or adjust the date of your vacation payout deferral no later than the date listed in Column F (Attachment 4).

# Department's Post-Separation Vacation Pay Deferral (PSVPD) Process



2024 SCHEDULE FOR POST SEPARATION VACATION PAY DEFERRAL

ATTACHMENT 4

A. Date of Separation from DOE service	B. Deadline for employee to notify DOE Leave Management Unit with Request for Post Retirement Vacation Pay Deferral and/also FAX to Empower Retirement for Island Savings Plan deferral	C. Deadline to submit finalized Form G-2 to DOE Leave Management Unit for audit	D. Deadline for DOE Leave Management Unit to provide employee audited final vacation payout amount OR if unable to audit leave records and/or process vacation payout by target date	E. Deadline for employee to submit and finalize paperwork with Empower Retirement and/or National Benefit Services for vacation deferral set-up	F. Deadline for employee to rescind request for deferral with DOE Leave Management Unit, Empower Retirement, and/or National Benefit Services	G. Target date of vacation payout by DOE and deferral by Empower Retirement and/or National Benefit Services
January 30 or January 31 *	Thu, 11/2/2023	Tue, 2/6/2024	Fri, 2/23/2024	Fri, 3/1/2024	Wed, 3/13/2024	Fri, 4/5/2024
February 29 *	Thu, 11/30/2023	Tue, 3/5/2024	Fri, 3/22/2024	Fri, 3/29/2024	Thu, 4/11/2024	Fri, 5/3/2024
March 30 or March 31 *	Wed, 1/3/2024	Fri, 4/5/2024	Thu, 4/25/2024	Thu, 5/2/2024	Mon, 5/13/2024	Wed, 6/5/2024
April 29 or April 30 *	Wed, 1/31/2024	Mon, 5/6/2024	Thu, 5/23/2024	Thu, 5/30/2024	Tue, 6/11/2024	Fri, 7/5/2024
May 30 or May 31 *	Fri, 3/1/2024	Thu, 6/6/2024	Mon, 6/24/2024	Mon, 7/1/2024	Mon, 7/15/2024	Mon, 8/5/2024
June 29 or June 30 *	Wed, 4/3/2024	Fri, 7/5/2024	Thu, 7/25/2024	Thu, 8/1/2024	Tue, 8/13/2024	Thu, 9/5/2024
July 30 or July 31 *	Thu, 5/2/2024	Mon, 8/5/2024	Fri, 8/23/2024	Fri, 8/30/2024	Fri, 9/13/2024	Fri, 10/4/2024
August 30 or August 31 *	Mon, 6/3/2024	Fri, 9/6/2024	Wed, 9/25/2024	Wed, 10/2/2024	Fri, 10/11/2024	Mon, 11/4/2024
September 29 or September 30 *	Wed, 7/3/2024	Fri, 10/4/2024	Thu, 10/24/2024	Thu, 10/31/2024	Tue, 11/12/2024	Thu, 12/5/2024
October 30 or October 31 *	Fri, 8/2/2024	Tue, 11/5/2024	Fri, 11/15/2024	Fri, 11/22/2024	Mon, 12/2/2024	Fri, 12/20/2024
November 29 or November 30 *	Mon, 9/2/2024	Fri, 12/6/2024	Fri, 12/20/2024	Mon, 12/30/2024	Fri, 1/3/2025	Fri, 1/17/2025
December 30 or December 31 *	Wed, 10/2/2024	Mon, 1/6/2025	Mon, 1/20/2025	Thu, 1/23/2025	Tue, 2/4/2025	Thu, 2/20/2025

NOTE: Request for Post-Separation Vacation Pay Deferral form (Attachment 5) must be submitted to DOE Leave Management Unit **no later than 90 days prior to retirement date**. Retirement date must be the first of the month except for December when retirement can be either the 1st or 31st of the month. Submit your completed State of Hawaii Deferred Compensation Island Savings Plan Post-Separation Vacation Deferral Election form (Attachment 7) no less than 90 days prior to retirement date (column B). Tax Shelter Annuity participants should contact National Benefits Services or your financial advisor regarding the 403(b) Salary Reduction Agreement form (Attachment 8) and submit the completed form no less that the deadline date (column E). Follow the PSVPD instructions (Attachment 2).

\* Separation date depends on Classified or Certificated status. Certificated Records uses the date before ERS's retirement date. Classified Records uses the last working date as the separation date.

If dates in column B, C, D, E and F fall on a weekend or holiday, then the deadline date is the prior business day.

**STATE OF HAWAII - DEPARTMENT OF EDUCATION**

**Request for a Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or 403(b) Tax-Sheltered Annuity (TSA) Voluntary Retirement Plans**

**Request for a Post-Separation Vacation Pay Deferral due to retirement must be completed and submitted to the Hawaii State Department of Education (Department) Leave Management Unit and a copy provided to Empower (Honolulu Office) for deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or the Tax-Sheltered Annuity Program representatives at National Benefit Services no later than 90 days prior to your date of retirement (unless waived by the Department's Leave Management Unit).**

Name:	
Department:	Division:
Home or Mailing Address:	
Work Phone No.: Home Phone No.: Cell Phone No.:	Best phone number to reach me at after my separation from employment and a personal email address:
Last date of employment (COB date):	Target Vacation Payout and Deferral Date (See schedule-Att. 4):

I understand that the Internal Revenue Service issued regulations that will allow the deferral of pay received after separation from service ("Post-Separation Vacation Pay Deferral") provided the employee requesting such a deferral meets certain requirements. I understand these requirements to be:

- My request/election for a Post-Separation Vacation Pay Deferral must be made while I am still employed with the Department no later than 90 days prior to my retirement date, unless waived by the Department's Leave Management Unit; and
- My deferral is completed within 2-1/2 months (approximately 75 calendar days) from my last date of employment; and
- My deferral is within my applicable annual contribution limits as established by the Internal Revenue Service.

I agree to comply with the process and time frames established for Post-Separation Vacation Pay Deferrals. I understand that if the Department's Leave Management Unit determines it is unable to complete an audit of my accumulated vacation leave records and/or process payment prior to the cited deadlines in the applicable Schedule for Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation and/or Tax-Sheltered Annuity Plans, **I may not be able to defer my unused vacation pay.**

I understand that any portion of my Post-Separation Vacation Pay that is not deferred will be remitted to me in the usual manner for post-separation pay. All State and Federal taxes shall apply.

I am responsible for contacting Island Savings Plan representatives at Empower's – Honolulu Office and/or the Tax-Sheltered Annuity Program representatives at National Benefit Services, LLC as identified in the instructions in a timely manner and by the deadlines identified on the schedule and providing my vacation payout information, including my vacation payout dollar amount, as well as any other needed information, in order to set-up my Post-Separation Vacation Pay deferral.

I am responsible for completing any other forms necessary to defer my unused vacation pay.

I should consult with my own financial advisor regarding this matter and am voluntarily choosing to sign this form.

I agree to waive any and all claims against the Department, if any issues arise regarding this matter, including but not limited to any issues regarding my taxes and tax liabilities.

I have read the State's Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or Tax-Sheltered Annuity Plans – Information Sheet, the Request for a Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or Tax-Sheltered Annuity Plans - Instructions and the Schedule for Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation and/or Tax-Sheltered Annuity Plans. I understand and agree to the program requirements set forth in those documents and those outlined above in this request form.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Department's Leave Management Unit Use Only:**

\_\_\_\_\_ (check) Unable to audit leave records and/or process vacation payout by target date Date: \_\_\_\_\_

\$ \_\_\_\_\_ Audited Final Vacation Payout Amount Date: \_\_\_\_\_



# STATE OF HAWAII APPLICATION FOR TRANSFER OF VACATION AND SICK LEAVE CREDIT OR PAYMENT IN LIEU OF VACATION

## DEFERRED VACATION PAYOUT

DEPARTMENT \_\_\_\_\_ POSITION NUMBER \_\_\_\_\_ BU \_\_\_\_\_ PAYROLL NUMBER \_\_\_\_\_

EMPLOYEE S.S. NO. XXX-XX-\_\_\_\_ EMPLOYEE NAME (LAST, FIRST, MIDDLE INITIAL) \_\_\_\_\_ EFFECTIVE DATE OF ACTION \_\_\_\_\_

### SECTION A

(CHECK ONE BOX ONLY)  
REPORTED BY:  DAYS  HOURS

- 1 ACCUMULATIVE BALANCE REMAINING AS OF DECEMBER 31, 20\_\_\_\_
- 2 LEAVE CREDITS EARNED FROM JANUARY 1, 20\_\_\_\_ TO EFFECTIVE DATE OF ACTION
- 3 LEAVE TAKEN FROM JANUARY 1, 20\_\_\_\_ TO EFFECTIVE DATE OF ACTION
- 4 VACATION LEAVE CREDITS FORFEITED
- 5 BALANCE REMAINING AT EFFECTIVE DATE OF ACTION
- 6 MAXIMUM ACCUMULATION ALLOWED AT DECEMBER 31, 20\_\_\_\_
- 7 EARNED VACATION IN EXCESS OF MAXIMUM ALLOWED.

EMPLOYEE'S LEAVE CREDITS (BY DAYS OR HOURS TO TWO DECIMAL POINTS)	
VACATION	SICK

I HEREBY CONCUR AND ACCEPT THE ABOVE RECORD OF VACATION AND SICK LEAVE CREDITS.

\_\_\_\_\_  
SIGNATURE OF APPLICANT OR AUTHORIZED AGENT

### SECTION B

THE UNDERSIGNED HEREBY MAKES APPLICATION FOR:

- PAYMENT FOR VACATION LEAVE CREDITS EARNED AT TERMINATION OF SERVICE
- PAYMENT FOR VACATION LEAVE CREDITS EARNED AT TERMINATION OF SERVICE OF \_\_\_\_\_ HOURS AND TRANSFER THE REMAINING VACATION LEAVE CREDITS BALANCE OF \_\_\_\_\_ HOURS.
- TRANSFER OF VACATION AND SICK LEAVE CREDITS AND/OR THE AMOUNT(S) OF VACATION LEAVE CREDITS  
TO \_\_\_\_\_ FROM \_\_\_\_\_ TO \_\_\_\_\_  
DEPARTMENT OR JURISDICTION (RECEIVING) UNIFORM ACCOUNTING CODE UNIFORM ACCOUNTING CODE
- EMPLOYEE PARTICIPATING IN THE PSVPD PROGRAM-TARGET VACATION PAYOUT DATE: \_\_\_\_\_
- AUDITED FOR RECORD PURPOSES ONLY

I HEREBY CERTIFY THAT I WILL MAKE NO FURTHER CLAIM FOR VACATION AND SICK LEAVE CREDITS AGAINST THE DEPARTMENT FROM WHICH I AM BEING TRANSFERRED OR AGAINST THE STATE GOVERNMENT FROM WHICH I AM BEING TERMINATED.

APPROVED \_\_\_\_\_  
SIGNATURE OF DEPARTMENT HEAD  
\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF APPLICANT OR AUTHORIZED AGENT  
\_\_\_\_\_  
DATE

### SECTION C

- PAYMENT FOR VACATION IN EXCESS OF MAXIMUM.

I HEREBY CERTIFY IN ACCORDANCE WITH ACT 142, S.L. 1943, THAT DUE TO EMERGENCY CONDITIONS EXISTING DURING THE PRECEDING CALENDAR YEAR, IT WAS IMPRACTICABLE TO ALLOW THE ABOVE NAMED EMPLOYEE TO BE GRANTED ACCUMULATED VACATION LAPSED AND FORFEITED AT DECEMBER 31, 20\_\_\_\_, BY REASON OF SUCH CONDITIONS; AND THAT NO VACATION LEAVE IN ADDITION TO THE AMOUNT REPORTED HEREON HAS BEEN ALLOWED OR TAKEN BY HIM ON ACCOUNT OF SUCH ACCUMULATED VACATION.

I HEREBY CERTIFY THAT I WILL MAKE NO FURTHER CLAIM FOR THE ABOVE VACATION ALLOWANCE, IN EXCESS OF THE MAXIMUM, FOR WHICH I AM BEING PAID:

\_\_\_\_\_  
SIGNATURE OF DEPARTMENT HEAD

\_\_\_\_\_  
SIGNATURE OF APPLICANT OR AUTHORIZED AGENT

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE

### INSTRUCTIONS

FURNISH SIGNED AND APPROVED COPIES OF FORM G-2 AND SUMMARY WARRANT VOUCHERS (IF APPLICABLE) TO THE STATE COMPTROLLER (CENTRAL PAYROLL).

State of Hawaii Deferred Compensation  
Island Savings Plan  
**Post Separation Vacation Payout Deferral Election Form**

Name		Social Security Number
Address		Date of Separation
City	State, Zip	Day Time Telephone Number
Department	Payroll No.(see pay stub)	Evening Telephone Number

**If you have decided to participate in the Post Separation Vacation Payout Deferral Program you must contact the Empower Retirement Honolulu Office at 1-888-712-5642 (option 2) to begin the process to defer your vacation payout immediately upon determination of your date of separation. Once you have separated from State service, you are no longer eligible to defer your vacation payout.**

**Deferral Information**

You may contribute a whole dollar amount from your gross compensation for the scheduled pay period, provided this amount does not exceed the yearly maximum set by the IRS. As this deferral is a pre-tax contribution, State and Federal taxes are deferred from the gross vacation payout amount, but FICA withholdings may still apply.

**Vacation Payout Date**

My Post Separation Vacation Payout date provided by my Departmental Personnel Office and/or my Department Payroll Office is:\_\_\_\_\_.

**Vacation Deferral Election**

I authorize Empower Retirement to change my deferral election in the Island Savings Plan for my Post Separation Vacation Payout deferral as follows (*check applicable boxes*):

- The maximum allowable amount **OR**  This amount from paycheck \$\_\_\_\_\_ (*enter whole dollars only*)  
 I am on the State's payroll lag. **OR**  I am on the State's "after the fact" payroll.

**PLEASE READ AND INITIAL THE FOLLOWING:** (*No check marks*)

\_\_\_\_\_ I am enrolled in the Island Savings Deferred Compensation Plan.  
 \_\_\_\_\_ I have already submitted my request for Post Separation Vacation Payout to my Personnel Office.  
 \_\_\_\_\_ I will review all paychecks (even those received after separation from service) **within 3 working days** after payday - any discrepancies in the deferral amounts will be reported to the Empower Honolulu office.

**Authorization (Please check this form carefully before signing. All incomplete forms will be returned.)**

By signing this form, I certify that I have read and understand the State of Hawaii Post Separation Vacation Payout Deferral Program information, instructions and schedule. I understand the timing requirements of processing my post separation vacation payout deferral, have discussed these requirements with the Empower Retirement Honolulu Office and also provided them with a copy of my Post Separation Vacation Payout Deferral Request Form.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date

For Empower processing use only:

\*Update pre-tax elective deferral rate to \$\_\_\_\_\_ between the dates of \_\_\_\_\_ and \_\_\_\_\_.

(*Minimum 3 business days required for processing.*)

\*Update pre-tax elective deferral rate back to \$\_\_\_\_\_ on or after date \_\_\_\_\_.

**Send this Completed Form to Empower Retirement via email or by fax to;**

**Email address: *isp\_hawaii@empower.com***

**Fax number: (808) 536-0572**





# STATE OF HAWAII DOE

## 403(b) PLAN/ SALARY REDUCTION AGREEMENT

ATTACHMENT 8  
DOE OTM 100-003  
Last Revised: 2/20/2024  
Former DOE Form: 403(b)SRA  
DEPARTMENT OF EDUCATION  
Office of Talent Management (OTM)  
Employee Benefits Unit  
P.O. Box 2360 Honolulu, HI 96804

### I. EMPLOYEE INFORMATION

Name: \_\_\_\_\_ SSN: \_\_\_\_\_  
Last First M.I.  
 Home Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Tel#: \_\_\_\_\_ E-mail Address: \_\_\_\_\_  
 Check One:  Classified  Certified School/Office: \_\_\_\_\_

### II. EFFECTIVE DATE

From: \_\_\_\_\_ Note: Enter the pay date you intend the instructions provided in this form to be effective. Instructions shall be implemented in accordance with the State of Hawaii Department of Education (DOE) administration schedule.  
MM/DD/YYYY

### III. CONTRIBUTION INFORMATION

Check all that apply and complete the TSA Service Provider(s) Section, as needed. Please note that you or your agent must contact your investment provider(s) separately in order to establish the account(s) which will receive contributions.

- Initiate New or Change Salary Reduction – Reduce my monthly salary and forward to the TSA Service Provider(s) as indicated below on the TSA Service Provider(s) section.
- Lump Sum Deferral \$ \_\_\_\_\_
- Post-Separation Vacation Pay Deferral – Vacation pay dollar amount to defer: \$ \_\_\_\_\_
- Cancel salary reduction due to HARDSHIP – Discontinue my salary reduction. Date of Hardship: \_\_\_\_\_  
MM/DD/YYYY

### IV. TSA SERVICE PROVIDER(S)

Indicate the % or \$ amount of your salary reduction that you would like to be allocated to your desired TSA Service Provider(s). Please see page 2 for examples. Note that if you have selected a percentage of your salary to be deferred, you may only utilize % allocations. All accounts must be established with the listed fund company prior to submitting the SRA. Salary reduction will not be executed if you have not established your account(s). **This SRA will cancel and replace any previously submitted 403(b) SRA. You must list all new and existing 403(b) deductions on this SRA form or they will be cancelled.**

Investment Provider Name	SP Code	I have established an account with this vendor	Monthly Dollar or Percentage Amount	Type of Deferrals		Requested Action	
				Pre-Tax 403(b)	Roth 403(b)	<input type="checkbox"/> New <input type="checkbox"/> Existing	<input type="checkbox"/> Change <input type="checkbox"/> Cancel
_____	_____	<input type="checkbox"/>	\$ _____ or _____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> New <input type="checkbox"/> Existing	<input type="checkbox"/> Change <input type="checkbox"/> Cancel
_____	_____	<input type="checkbox"/>	\$ _____ or _____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> New <input type="checkbox"/> Existing	<input type="checkbox"/> Change <input type="checkbox"/> Cancel
_____	_____	<input type="checkbox"/>	\$ _____ or _____ %	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> New <input type="checkbox"/> Existing	<input type="checkbox"/> Change <input type="checkbox"/> Cancel

### V. EMPLOYEE CERTIFICATION

I certify that I have read this complete agreement. I understand my responsibilities as an employee under this Program and I request that the Department of Education take the action specified in this agreement. I understand that all rights under the annuity or custodial account(s) established by me under the Program are enforceable solely by me, my beneficiary or my authorized representative.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
MM/DD/YYYY

**VI. AGENT CERTIFICATION (Optional)**

I agree to comply with all pertinent written directives regarding solicitation of HIDEO employees. Furthermore, I agree to indemnify and hold harmless the Hawaii State Department of Education, National Benefit Services, LLC, and the Employee participating in the TSA Program against any claims arising from my solicitation of the said Employee.

Name of Agent: \_\_\_\_\_

Agent Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
MM/DD/YYYY

Tel#/Fax#: \_\_\_\_\_ E-mail Address: \_\_\_\_\_

**DEPARTMENT OF EDUCATION USE ONLY**

Date Received: \_\_\_\_\_ Initials: \_\_\_\_\_  
MM/DD/YYYY

**TSA SERVICE PROVIDERS SECTION EXAMPLES**

Suppose your current salary reduction is a specific dollar amount (\$500) of your monthly pay--all of which is currently contributed to service provider ABC. Now you wish to add an additional monthly contribution of \$200 to a new service provider--XYZ. You must mark "Initiate new salary reduction" and indicate \$200 in the Contribution Information Section. You must also indicate \$200 to XYZ in the TSA Service Providers Section. This will leave your original salary reduction unchanged and add your new one. Note: the procedure is the same for percentage deferrals. Example:

% or \$  \_\_\_\_\_ XYZ Annuity Company 

8	8	8
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Suppose your current salary reduction is 2%, contributed to service provider ABC, but you would like to stop contributing to ABC and instead contribute 2% to XYZ. You must mark "Change TSA service provider(s)" in the Contribution Information Section and change the allocation to ABC to 0% and add 2% to XYZ in the TSA Service Providers Section. Note: the procedure is the same for dollar amount deferrals. Example:

% or \$  \_\_\_\_\_ ABC Annuity Company 

9	9	9
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% or \$  \_\_\_\_\_ XYZ Annuity Company 

8	8	8
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**TERMS OF AGREEMENT**

The above named Employee agrees to modify his/her salary as indicated above. The Hawaii State Department of Education (HIDEO) agrees to contribute this amount on the Employee's behalf into the annuity or custodial accounts selected by the Employee. It is intended that the requirements of all applicable state or federal income tax rules and regulations (Applicable Law) will be met.

The Employee understands and agrees to the following: 1) this Salary Reduction Agreement is legally binding and irrevocable with respect to amounts paid or available while this agreement is in effect; 2) this Salary Reduction Agreement may be terminated at any time with respect to amounts not yet paid or available, and that a termination request is permanent and remains in effect until a new Salary Reduction Agreement is submitted; 3) this Salary Reduction Agreement may be changed with respect to amounts not yet paid or available in accordance with the Employer's administration procedures; 4) the salary reductions are subject to the maximum allowable contribution (MAC), and by executing this agreement, acknowledges that the HIDEO has the authority to stop reductions at any time to assure that the Employee's annual contribution amount is in compliance with federal and state law requirements; and 5) that the MAC calculated by the Agent is based on the Employee's eligible income which is subject to change and that any changes to the Employee's eligible income will affect the MAC.

The Employee agrees to indemnify and hold the HIDEO and National Benefit Services, LLC (NBS) harmless against any and all actions, claims and demands whatsoever that may arise from the purchase of annuities or custodial accounts in this TSA Program. The Employee acknowledges that the HIDEO has made no representation to the Employee regarding the advisability, appropriateness or tax consequences of the purchase of the annuity and/or custodial account described herein. The Employee agrees that neither the HIDEO nor NBS shall have any liability whatsoever for any and all losses suffered by the Employee with regard to his/her selection of the annuity and/or custodial account; its terms; the selection of the insurance company or regulated investment company; the solvency of, operation of or benefits provided by said insurance company or regulated investment company; or his/her selection and purchase of shares of regulated investment companies. Nothing herein shall affect the terms of employment between the HIDEO and Employee.

The HIDEO reserves the right to alter terms of this Agreement as required to facilitate Program compliance with State and Federal law.

This agreement supersedes all prior Salary Reduction Agreements and shall automatically terminate if Employee's employment is terminated or HIDEO terminates the TSA Program. Any participant found to be in violation of the HIDEO's TSA Program shall have their salary reduction agreement(s) terminated.

### IMPORTANT INFORMATION

1. The DOE does not choose the annuity contract or custodial account in which the Employee's contributions are invested.
2. The Employee is responsible for setting up and signing the legal documents to establish the annuity contract or custodial account.
3. The Employee, not the DOE, is to be identified as the contract/certificate/account holder.
4. In order for the Employee to receive the expected tax results, the annuity contract or custodial account established must meet the requirements of Section 403(b) of the Internal Revenue Code. It is solely the Employee's responsibility to establish the proper type of contract or account for this purpose.
5. The Employee is responsible for naming a death beneficiary under the annuity contract or custodial account. This is normally done at the time the contract or account is established, although the designation should be reviewed from time to time.
6. The Employee is responsible for investment decisions, distributions and any other transactions with the insurance company or investment company and shall have total responsibility for all distributions and any resulting taxation consequences. All rights under the contract or account are enforceable solely by the Employee, the Employee's beneficiary or the Employee's authorized representative. The Employee must deal directly with the insurance company or investment company to make loans, transfer to different contracts or investment accounts, begin distributions, or to handle any other transactions. However, the DOE reserves the right to alter this policy if deemed necessary to comply with State or Federal law.
7. The Employee understands that information contained in this Agreement and other non-public information may be shared with the DOE's designated third-party administrator in conjunction with the operation of the TSA Program.
8. Retain a copy of this form and submit original to:

National Benefit Services, LLC  
Attn: Hawaii DOE 403(b)  
PO BOX 219006  
Kansas City, MO 64121-9006  
Fax: (800) 597-8206

## Hawaii State Department of Education Post-Separation Vacation Pay Deferral Program Frequently Asked Questions & Answers

1. Why do I need to notify the Hawaii State Department of Education's (Department) Leave Management Unit (LMU) 90-days prior to my retirement?

Advance notification of your retirement provides the additional time which may be necessary to complete the audit of your unused leave balances in time to meet the deadline to successfully defer payment of taxes on your vacation pay. Depending on the status of your leave records, discrepancies discovered during the course of the audit may require clarification or correction before the audit can be completed. The 90-day period will increase the likelihood of your being able to defer payment of taxes on your vacation pay.

2. Can I defer my vacation pay if I resign or terminate from the Department?

No, the current program only allows for deferral of vacation pay for employees who are retiring.

3. Can I defer my vacation pay to both Deferred Compensation and the Tax-Sheltered Annuity (TSA) 403(b) Voluntary Retirement Program?

Yes, Deferred Compensation and the 403(b) TSA program are separate programs and have independent maximum allowable contributions. You need to be aware of contributions already made to each program for the plan year. You may request assistance from Empower/Island Savings Plan (I\$P) for Deferred Compensation, your financial advisor, or National Benefit Services (NBS) for the 403(b) TSA program to help determine your current contributions and maximum amounts permitted.

4. Who does this Post-Separation Vacation Pay Deferral program apply to?

All Department employees who are planning to retire and earn vacation leave credits.

5. What forms do I need to complete to start the process?

You must submit to the Department's LMU the "Request for a Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or 403(b) Tax-Sheltered Annuity (TSA) Voluntary Retirement Plans" (Attachment 5) in accordance with the deadlines and schedule, based on your retirement date (Attachment 4). The Department's LMU must also receive the latest Time and Attendance (TnA) Form 7 (Leave Attendance Record) from your school/office for preliminary audit 90 days prior to your scheduled retirement date.

If you are participating in the Deferred Compensation I\$P, you will use the State of Hawaii Deferred Compensation Island Savings Plan Post-Separation Vacation Pay Deferral Election Form (Attachment 7),

and/or

If you are participating in the 403(b) TSA Plan, you or your financial advisor will use, DOE OTM 100-003 Form, State of Hawaii DOE 403(b) Plan/Salary Reduction Agreement (Attachment 8).

After final vacation payout amount and response is received from the Department's LMU, you will need to complete either the 1) Post Separation Vacation Payout Deferral Election Form for Deferred Compensation (Attachment 7) or 2) 403(b) Salary Reduction Agreement for TSA, (Attachment 8) and submit to their respective offices. A participant who may be contributing to either TSA or Deferred Compensation and possibly reaching their Maximum Allowable Contribution (MAC) can also defer the balance into the other plan. Submission of both forms to respective entities must occur before you separate from service. A new account can only be established while actively employed. Please see the Instruction Sheet (Attachment 2) for plan contact information.

6. Where can I get these forms?

The Post-Separation Vacation Pay Deferral (PSVDP) are available from the Department's intranet portal through the "Office of Talent Management - Employee Benefits Unit" at [www.hawaiipublicschools.org](http://www.hawaiipublicschools.org) via the "Staff Login" link, or on the DOE 403(b) website at [www.hawaiidoe403b.com](http://www.hawaiidoe403b.com). At the toolbar, click on "Forms" and in the scroll down, click on "PSVDP Packet."

7. Do I need to submit my TnA Form 7 (leave attendance record) with my request for post-separation vacation pay deferral?

Yes, please provide the most current TnA Form 7. See your School Administrative Services Assistant (SASA) or section Secretary for details.

8. Will I receive notification if I'm able or unable to participate in the program?

Yes, the Department's LMU will notify you of your final vacation payout amount or if they are unable to audit leave records and/or process vacation payout by the targeted date. This will be reflected on the bottom of your returned "Request for a Post-Separation Vacation Pay Deferral to the State of Hawaii Deferred Compensation (Island Savings Plan) and/or 403(b) Tax-Sheltered Annuity (TSA) Voluntary Retirement Plans" (Attachment 5).

9. What if I don't receive anything from payroll by the deadline notifying me if I'm able or unable to participate in the program?

Please contact the Department's LMU at (808) 784-6000.

10. If I change my retirement date, what do I need to do?

Immediately, contact the Department's LMU at (808) 784-6000; Deferred Compensation I\$P/Empower at 1-888-712-5642, press '2' when prompted; and/or the National Benefit Services, LLC (403b) at (800) 274-0503 ext. 504. Any change made to the effective retirement date will impact the vacation payout effective date. See the Instruction Sheet (Attachment 2).

The deadline to rescind your request for deferral is listed on the 2024 Schedule for PSVDP (Attachment 4, column F). In the event the deferral cannot be canceled, the vacation leave payment may be rescinded.