***Department of Accounts***

***Payroll Bulletin***

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| **Calendar Year 2024** | **November 20, 2024** | **Volume #2024-13** |

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| *In This Issue of the Payroll Bulletin…....* | * **Miscellaneous Insurances and Annuities** * **Cardinal HCM Updates** * **COV 457 Automatic Enrollment** | The Payroll Bulletin is published periodically to provide HCM agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please email payroll@doa.virginia.gov.  State Payroll Operations  **Director Cathy C McGill**  Assistant Director Carmelita Holmes |

**Miscellaneous Insurances and Annuities**

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| **TPA Supplemental Insurance and Annuities Program** | The TPA Supplemental Insurance and Annuities program benefits employees by providing payroll deduction services for commercially available products offered by a network of independent providers. Two types of products are offered:  • Insurance (PSTTAX)  • Tax Sheltered Annuities/TSA (403(b) pre-tax) (ANNUITY)  Each pay period, an automated file for updating Cardinal HCM is received approximately four or five workdays before final confirmation. The TPA schedule can be viewed on DOA’s website. At the same time, change and enrollment reports are available to Benefit Administrators on the TPA’s website.  Refer to CAPP Topic 50465, General Deductions, and CAPP Topic 50425, Retirement, for more information. |

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| **Virginia Provider Network** | A list of participating companies is accessible through the DOA State Payroll Operations Reference webpage:  Miscellaneous Insurances and Annuities  FBMC Benefits Management Inc  Or through this direct link:  <https://www.fbmc-benefits.com/VaProviderNetwork/index.asp>  Note: The Commonwealth provides payroll deduction for this program as a courtesy to employees in the central payroll system but does not endorse any of the providers in any way. Companies providing products supporting health and wellness and who are interested in participating in the Virginia Provider Network must be recommended to FBMC by a state agency. Companies are then vetted by FBMC and sign a contract with FBMC for participation. |

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| **Updated Administrative Manual and Forms** | Updated versions of the Miscellaneous Insurances and Annuities Administrative Manual and the associated forms have been placed on the SPO Forms webpage. Please refer to the manual for proper handling of enrollments and changes in the miscellaneous insurance products and 403(b) annuities administered through FBMC. Please ensure Benefits Administrators are using updated forms. |

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| **Insurance Premiums**  **Reminders** | **Monthly Premiums**  Agencies are reminded that insurance premiums (PSTTAX) are amounts that are due on a monthly basis. Changes should never be made mid-month, unless the first half of the month is also taken into consideration.  **Policy Cancellations**  Employees may cancel existing policies at any time by submitting written notification to FBMC through Benefit Administrators in the form of the Post Tax Salary Deduction Authorization, subject to terms of the cancellation clause of the policy. |

**Miscellaneous Insurances and Annuities,** continued

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| **Miscellaneous Insurance Forms Flow** | All post-tax Salary Deduction Agreements must be initiated between the Vendor Agent and the employee. Upon completion, the form will be forwarded by the vendor agent to the vendor’s main office. When all underwriting requirements have been fulfilled, the original form will be forwarded to FBMC for data entry. FBMC will provide a Change File for interface to Cardinal HCM.  1. Employee contacts Vendor.  2. Vendor processes application.  3. Vendor provides SDA to FBMC. This is provided to FBMC only AFTER underwriting (if required) has been completed.  4. FBMC data-enters the form and produces an Enrollment Change Report, which is then published to the FTP site for downloading.  5. The Payroll/Benefits Administrator may notify FBMC via e-mail, letter, or SDA form to stop a post-tax deduction. The employee should contact the vendor.  6. Department of Accounts receives the automated Change File which updates deduction premiums in the Cardinal HCM system.  7. Deductions for Miscellaneous insurance products should always have an effective date for the first day of the month (first pay period of the month) since premiums are paid out monthly to the vendors by the 20th of the following month. Policy effective dates must take this into account. Deductions that start in the second half of the month will result in partial premium payments that may result in cancellation of policies. |

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| **Annuity**  **Reminders** | **One-time Deferrals**  Agencies are reminded that employees wishing to make a one-time contribution to an existing 403(b) account must submit a completed Salary Reduction Agreement form to their Benefits Administrator before the end of the month prior to when the deduction from pay occurs. The amount to be deducted should be noted on the “Special Payout” line.  **Changes to Existing Annuity Deferral Amounts**  Employees wishing to change the amount of an existing deferral must submit a new Salary Reduction Agreement form to the agency Benefits Admiistrator at least 30 days prior to the effective date of the change. |

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| **Annuity**  **Form Flow** | All 403(b) Salary Reduction Agreements will be initiated between the Vendor/Agent and the employee. This form only authorizes the agency to reduce the employee’s salary by the amount to be sent to the investment provider by the agency on behalf of the employee. This is not an internal investment provider application form to establish the 403(b) account.  1. Employee contacts Vendor.  2. Vendor processes application to establish 403(b) account.  3. Vendor and employee complete the original SRA.  4. Vendor and employee provides the original SRA to Agency Payroll / Benefits Administrator for approval and signoff. The original SRA remains with the Agency for filing.  5. Agency Payroll / Benefits Administrator provides the employer signed SRA to FBMC via Fax (850-425-8345)  6. FBMC verifies that the SRA is complete; FBMC data-enters the contribution amount and pay date effective date. FBMC then produces a Change File for interface to Cardinal HCM.  7. Department of Accounts receives the automated Change File which updates annuity amounts and administrative fees in the Cardinal HCM system.  8. To increase, decrease or stop deductions, changes must be communicated to FBMC via an SRA form. All changes will require written documentation to effect the change. Agency Payroll/Benefits Administrators must obtain authorization from FBMC prior to processing any requests for deduction refunds. |

**Cardinal HCM Updates**

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| **Payroll Updates** | The following items were posted to the Cardinal website as part of the Cardinal HCM Payroll Updates during October   * Earnings Code job aid was updated – removed STL, added Shift 4 and Shift 5 * COVA Error Listing Report * Virginia Quarterly UI Report * Payroll Quarterly Statistics Query added on 10/22/24 |

**COV 457 Automatic Enrollment**

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| **Effective 1/1/2025** | VRS is simplifying the criteria used to determine eligibility for automatic enrollment (AE) into the Commonwealth of Virginia 457 Deferred Compensation Plan (COV 457). Effective January 1, 2025, with the transition to Voya Financial as the new DCP recordkeeper, AE logic will no longer consider presence of a balance in the COV 457 or break-in-service between two AE-eligible employers when determining eligibility. There is no change to the opt-out process, and enrollment in a 403(b) prior to automatic enrollment will stop the AE process.  Criteria Effective 1/1/2025:   * Automatically enrolled in COV 457 90-days after hire date in a non-hybrid-covered position. ​ * Clock starts over with every new instance of employment, including changes between state employers regardless of break-in-service or previous balance in the COV 457 Plan. * No enrollment in a 403(b) plan prior to automatic enrollment. ​ * Employee may opt-out of automatic enrollment during the 90 days following the effective date of the automatic enrollment and request a withdrawal of contributions. Any cash match is forfeited.​   These changes will simplify programming and communications and reduce the potential for errors. |