

State of California

M E M O R A N D U M

TO: PERSONNEL MANAGEMENT LIAISONS **DATE:** December 9, 2003
REFERENCE CODE: 2003-050

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Personnel Officers
Personnel Transactions Supervisors

FROM: Department of Personnel Administration
Policy and Operations Division

SUBJECT: Military Leave - Savings Plus Program

CONTACT: Clarice Pace, Analyst
(916) 324-9381
FAX: (916) 327-1886
Email: ClaricePace@dpa.ca.gov

This memorandum is to provide departments with a revised Military Leave Work Sheet and to implement a process for employees who are participating in the Savings Plus Program (Savings Plus) 401(k) Plan and/or 457 Plan when called to active military service. Pursuant to the Uniformed Services Employment and Reemployment Act of 1994 (USERRA), an employee who returns from qualified military service has the right to make up missed contributions. In addition, if they have an outstanding 401(k)/457 loan(s) balance, they are eligible under USERRA and the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA) to elect one of the following loan repayment options:

- Continue to repay the loan with the existing interest rate.
- Continue to repay the loan with an interest rate reduction to 6%.
- Suspend loan repayment until reemployment. Upon reemployment elect to:
 - o Reamortize the loan so that the final payment date remains the same; monthly repayment amounts may increase.

- o Reamortize the loan so that the term is extended for the period of leave; monthly repayment amounts may increase.

Employees with a 403(b) tax-sheltered annuity should contact their annuity provider.

To make up missed contributions (the amount that the employee could have deferred had they continued employment with the State and had not been interrupted by military service), the employee should contact Savings Plus and request a Qualified Military Service Make-up Deferral Application. The employee may make up missed contributions over a period up to three times the length of military service, but no longer than five years.

The revised Military Leave Work Sheet (Attachment I) has been updated to incorporate the Savings Plus. The original intent of the work sheet was to identify pay and benefits for employees who are eligible to receive the difference between their military pay and allowances and State pay. In order to improve communications with State employees called to military service, complete the attached work sheet anytime an employee is called to military service for more than 30 calendar days. If the employee separates with an outstanding Savings Plus loan, the Qualified Military Service Loan Repayment Agreement (Attachment II) should be used to elect a loan repayment option. **The employee must provide military leave orders that support the claim.**

Payroll processing questions and documentation should be addressed to Pam Keegan with the State Controller's Office at (916) 323-2539. For policy interpretation questions related to military leave, your personnel office should contact Clarice Pace with the Department of Personnel Administration at the number above. For military leave in relation to Savings Plus, your personnel office should contact Lupe C. Vela at (916) 323-2701.

Bob Painter, Chief
Policy and Operations Division

Attachments

MILITARY LEAVE WORK SHEET

This work sheet is to be completed by both the employee and Personnel Office prior to reporting for military service. Numbers 1 through 5 and 13 through 15 are to be completed by the employee. Numbers 6 through 10 are to be completed by the Personnel Office only when the employee is eligible to receive the difference between his or her military pay and allowance and State pay. Numbers 11 and 12 are to be completed by both the employee and Personnel Office. The Savings Plus Qualified Military Service Loan Repayment Agreement should be completed if the employee has an outstanding loan. The employee should be apprised of and complete any additional documentation as a result of necessary discretionary deduction changes. A copy of the employee's Military Orders MUST be attached.

1. NAME: _____

2. SOCIAL SECURITY NUMBER: _____

3. CIVIL SERVICE CLASS: _____

4. MILITARY RANK: _____

5. DATE MILITARY LEAVE BEGINS: _____; ENDS: _____
(ORDERS ATTACHED)

6. MILITARY GROSS PAY:

BASE PAY _____

ALLOWANCES

BAQ _____

Hazardous Duty _____

Flight Pay _____

Foreign Duty _____

Diving Pay _____

Clothing Allowance _____

Foreign Language Proficiency _____

Medical/Dental Officers _____

Active Duty Reserve Medical Officers _____

Other _____

Other _____

Other _____

TOTAL GROSS MILITARY PAY _____

7. CURRENT STATE GROSS SALARY: _____

8. ADJUSTED STATE GROSS SALARY: _____
(State gross salary minus Military gross pay.)

9. ESTIMATED MANDATORY DEDUCTIONS:

Estimated Federal Taxes (27%) _____

Estimated State Taxes (6%) _____

Estimated Social Security (6.2%) _____

Estimated Medicare (1.45%) _____

TOTAL MANDATORY DEDUCTIONS: _____

10. ADJUSTED NET STATE SALARY: _____

11. MAINTAINED PAYROLL STATE DEDUCTIONS:
These deductions will be maintained automatically when you are eligible to receive the difference between military pay and State pay, even if your military pay is more than your State pay.

If ineligible for make-up pay, you may elect to maintain your health, dental, or vision plans through direct pay.

Employee

Check those deduction(s) you wish maintained.

Personnel Office

Complete all deduction organization codes and amounts.

<u>DEDUCTION</u>	<u>DEDUCTION ORGANIZATION CODE</u>	<u>DEDUCTION AMOUNT</u>
_____ Health Benefits	_____	_____
_____ Dental	_____	_____
_____ Vision	_____	_____

I ELECT TO MAINTAIN MY BENEFITS THROUGH DIRECT PAY: _____ YES _____ NO

12. DISCRETIONARY STATE DEDUCTIONS:

Employee

Check those deductions you wish maintained, providing there are sufficient funds. If there are insufficient funds, it is the employee's responsibility to make the appropriate arrangements. Otherwise the deductions will not be made while on leave status.

Personnel Office

Complete deduction organization codes and amounts.

<u>DEDUCTION</u>	<u>DEDUCTION ORGANIZATION CODE</u>	<u>DEDUCTION AMOUNT</u>
_____ *Savings Plus (401[k] or 457)	_____	_____
_____ Flex-Elect	_____	_____
_____ United Way	_____	_____
_____ Long-Term Disability Insurance	_____	_____
_____ Parking	_____	_____
_____ Union Dues	_____	_____
_____ Union-Offered Insurance	_____	_____
_____ Credit Union Deductions	_____	_____
_____ Spousal/Child Support	_____	_____
_____ Other - (List)	_____	_____

NOTE: The employee is responsible for contacting the appropriate source for any changes to their discretionary deductions. *To make repayment arrangements for a Savings Plus loan(s), the employee should complete the Qualified Military Service Loan Repayment Agreement (Attachment II).

13. IF YOU HAVE DIRECT DEPOSIT, DO YOU WISH TO CONTINUE? _____ YES _____ NO
(If no, submit Form 699 to cancel.)

14. FORWARD MY WARRANT TO:

15. I ELECT PAYMENT OF LEAVE CREDITS: _____ YES _____ NO
(If yes, please explain.)

I understand the provisions afforded me under the Military Leave Program. I further understand that it is my responsibility to document/estimate my military pay and allowances for purposes of determining my adjusted State pay; and that I am responsible for returning to the State of California any overpayments made to me.

NOTE: An employee receiving compensation pursuant to Sections 12302 and 12304 of Title 10 of the United States Code who does not reinstate to State service following active duty, shall have that compensation treated as a loan payable with interest at the rate earned on the pooled Money Investment Account.

SIGNATURE

DATE

COPIES FOR:
Employee
Department
State Controller's Office

**STATE OF CALIFORNIA SAVINGS PLUS PROGRAM
QUALIFIED MILITARY SERVICE LOAN REPAYMENT AGREEMENT**

SECTION I: PARTICIPANT INFORMATION

Last Name, First Name, MI	Social Security Number (SSN)
Date of Military Service	Telephone Number with Area Code ()

Privacy Statement: The Information Practices Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that this notice be provided when collecting personal information from individuals. Information requested on this form is used by the Savings Plus Program for purposes of identification and account processing. It is mandatory that you furnish all information requested on this form. Failure to provide the information may result in the action requested not being processed.


SECTION II: PAYROLL INFORMATION

Payroll Warrant/Check Issued By:	<input type="checkbox"/> State Controller's Office	<input type="checkbox"/> Senate Rules Committee
<input type="checkbox"/> CDFR/Marketing Council	<input type="checkbox"/> Assembly Rules Committee	<input type="checkbox"/> California Exposition
<input type="checkbox"/> Joint Legislative Budget	<input type="checkbox"/> District Agricultural Assoc. (Fairs)	

SECTION III: LOAN REPAYMENT ELECTION

<input type="checkbox"/> Continue to repay <ul style="list-style-type: none"> <input type="checkbox"/> with existing interest rate. <input type="checkbox"/> with an interest rate reduction to 6%; will return to original rate upon reemployment. <input type="checkbox"/> Suspend loan repayment <ul style="list-style-type: none"> Interest Rate Determination - I elect to (check one below): <ul style="list-style-type: none"> <input type="checkbox"/> Continue to accumulate interest rate at current rate. <input type="checkbox"/> Change interest rate to 6%; interest will accumulate at 6%. Upon reemployment - I elect to (check one below) (election may be changed 45 days prior to reemployment): <ul style="list-style-type: none"> <input type="checkbox"/> Reamortize the loan; final payment date remains the same; monthly amount may increase. <input type="checkbox"/> Reamortize the loan; extend loan term by the duration of leave; monthly amount may increase.
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SECTION IV: PARTICIPANT CERTIFICATION

I request the loan repayment schedule as indicated above. I understand it is my responsibility to ensure conformance with all requirements of this provision. I understand it is within the authority of the State of California to approve or disapprove this request. I hereby certify under penalty of perjury that this information is true and accurate to the best of my knowledge.	
 _____ Signature	_____ Date

INFORMATION

A participant called to duty in the United States military service is eligible to modify their existing loan repayment schedule. Allow up to 45 days for your request to be processed. Savings Plus will notify you whether or not your request was approved. If approved, Savings Plus will initiate the change.

INSTRUCTIONS

SECTION I - PARTICIPANT INFORMATION - Complete all information requested.

SECTION II - PAYROLL INFORMATION - Check which payroll office issues your payroll warrant/check.

SECTION III - LOAN REPAYMENT ELECTION - Check which method you want to utilize to repay your loan(s).

SECTION IV - PARTICIPANT CERTIFICATION - Read carefully, sign, and date the form.

RETURN FORM TO:

Savings Plus Program, Military Service Coordinator
1800 15th Street
Sacramento, CA 95814-6614

CONTACT INFORMATION

Voice Response System: (866) 566-4777 24 hours a day, 7 days a week.
Customer Service: 8:30 a.m. - 4:00 p.m. (PT), Monday - Friday.
To speak with a customer service representative, press *0.
Office: Open 8:00 a.m. - 5:00 p.m. (PT), Monday - Friday.
TDD: (916) 327-4266 Fax: (916) 327-1885