

DAVID Y. IGE
GOVERNOR



78 RECEIVED
ADMIN & RESEARCH OFFICE
BUDGET & FINANCE

WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

2017 JUN 16 AM 10:47

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

June 14, 2017

FINANCE MEMORANDUM

MEMO NO. 17-05

TO: All Department Heads

FROM: Wesley K. Machida *Wesley K Machida*
Director of Finance

SUBJECT: Interim Fringe Benefit Rates for FY 18

Act 17, SLH 2017, establishes the pension accumulation contribution rate for FY 18 at 28% for police officers, firefighters, and corrections officers, and 18% for all other employees. The rates for FY 16 are the latest approved rates. The interim rate is being transmitted to you for your information and records. Until new fringe benefit rates are approved by the U.S. Department of Health and Human Services, the following interim fringe benefit rates for FY 18 will be in effect:

	<u>Approved FY 16 Rate</u>	<u>Interim FY 18 Rate</u>
Pension Accumulation	17.00%	18.00%
Pension Administration	.00%	.00%
Retiree Health Insurance	8.07%	8.07%
Employees' Health Fund	7.62%	7.62%
Workers' Compensation	1.27%	1.27%
Unemployment Compensation	.15%	.15%
Social Security	6.20%	6.20%
Medicare	1.45%	1.45%
Other Post-Employment Benefits	<u>7.78%</u>	<u>7.78%</u>
Composite Rate	49.54%	50.54%

It is noted that for FY 18, the pension accumulation rates are as follows:

<u>Job Category</u>	<u>Employer Contribution Rate</u>	<u>Statutory Authorization</u>
General Employees	18.00%	Act 17, SLH 2017
Special Categories (Police Officers, Firefighters, and Corrections Officers)	28.00%	Act 17, SLH 2017
Retiree – Return to Work General Employees	14.20%	Not Applicable*
Retiree – Return to Work Special Categories (Police Officers, Firefighters, and Corrections Officers)	20.90%	Not Applicable*

*Retiree – Return to Work rates are determined by the Actuary.

Should you have any questions or require further information, please contact me, or your staff may contact Mr. Neal Miyahira, Administrator of this department's Budget, Program Planning and Management Division, at 586-1530.