### **Bargaining Unit 06 401(k)**

## **Employer Contribution**

### **Frequently Asked Questions**





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#### What is the 401(k) employer contribution?

In accordance with the Bargaining Unit (BU) 06 Memorandum of Understanding, effective with the January 2025 pay period, eligible BU06 employees will receive a monthly 401(k) employer contribution equal to one percent (1%) of their base salary.

#### Who is eligible?

All full-time, permanent, limited term and Career Executive Assignment (CEA) BU06 employees who are active or on leave are eligible for this benefit. This includes Class Type F and L and excluded employees who are tied to BU06.

#### How is the 401(k) employer contribution identified?

A new deduction code, organization code, and deduction type have been created for this benefit.

Deduction Code	Organization Code	Deduction Type
020	401	TR

#### How often will the deduction be applied?

The deduction will be applied monthly for eligible employees.

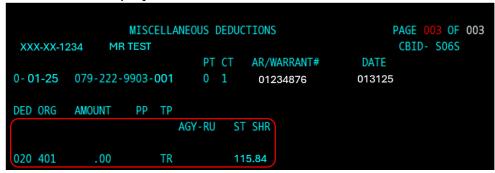
#### How is the 401(k) employer contribution calculated?

The contribution amount is calculated as one percent (1%) of an employee's base salary.

Base Pay x 1% (0.01) = 401(k) Employer Contribution

#### How will the deduction appear in pay history (HIST)?

The deduction will appear as deduction code 020-401 on the Miscellaneous Deductions screen in HIST. The employee share will be .00.



#### Will the deduction appear in TAXI?

Yes, the deduction amount will be accumulated in TAXI but will not appear on employee Form W-2, Wage and Tax Statements, since it is an employer-only contribution.



## How will the deduction appear on an employee's monthly earnings statement?

The deduction will appear as DEFCMP ER under the employer contribution portion of the employee's monthly earnings statement.

```
R K TAL
                      061-458
                                     SOC SEC NO 123-45-6789
R K TAL
AGY/UNIT 061-458 PAY PERIOD 01/25
                                     WARRANT NO 01-561066
TAX YEAR 25 ISSUE DATE 01/31/25
ST M06 FD M06 OTHIN 0.00 DED 0.00 DEP 0.00
        14669.34
                     8786.81
                                   7502.41
                                                7166.93
        58677.36
REGULAR
                  14669.34 FEDERAL TAX 594.75
                          STATE TAX
                          *RETIREMENT 1794.82
                          MEDICARE
                                      196.21
                          *F KAISER
                                     2506.79
                          *F DNTL DPO
                          *VISION-VSP
                                       8.27
                          LIFE INS
                                         .00
                          *401K PLAN 1625.00
                          *457 PLAN 1325.00
                          ROTH 457
                                      300.00
                          DUES-CCSW
                                       220.41
                          PERS SUR AD
                                      4.35
                          PERS SURV
                                       2.00
                          DUES-CCSO
                                      95.00
RETIREMNT HLTH/FLEX MEDICARE ARAG GROUP
                                       17.87
                          *BENEFITAMT 2100.00-
7334.67 2100.00
                 196.21
          OPEB DEFCMP ER
LIFE INS
   9.75 586.77 138.39
```

#### How will the deductions be established or changed for eligible employees?

A monthly program will run **one day prior to monthly cutoff** to determine the contribution amount for eligible employees, based on the employee information in employment history at that time.

# When is the cutoff to key employment history transactions that may affect employee eligibility?

To ensure that employees are included in the monthly process and receive the correct contribution, all employment history transactions that may affect employee eligibility (e.g., changes in or out of eligibility, or changes in base pay) or changes to employee personal data (e.g., name changes, or position number changes), must be keyed two days prior to monthly cutoff.

# Does an employee need to work a qualifying pay period in order to be eligible for the contribution?

No, an employee does not need to work a qualifying pay period to be eligible.

#### What if a contribution is missed for an eligible employee?

If a contribution is missed for an eligible employee, the department should submit a Form STD. 674 via ConnectHR to Misc Deductions – STD. 674.

#### Are employees eligible for contributions while on a leave of absence (LOA)?

Yes, employees are eligible for the contributions while on an LOA. If the employee is on an LOA and receives no pay issued by SCO, a STD. 674 must be submitted via ConnectHR to Misc Deductions – STD. 674 to request the contribution.

## If an employee has an adverse salary decrease (PUN), how will this impact their contributions?

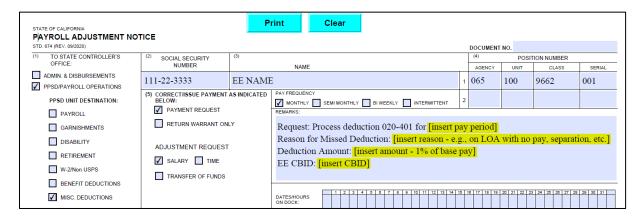
The contributions are calculated on the base salary in employment history at the time the monthly program is run. If a PUN has been keyed for an employee, reducing their salary, the contributions will be calculated on the reduced salary for the duration of the reduction. When the salary is restored, the contributions will be calculated on the restored salary.

# Will adjustments be made to the contributions if retroactive changes are made to base pay in employment history?

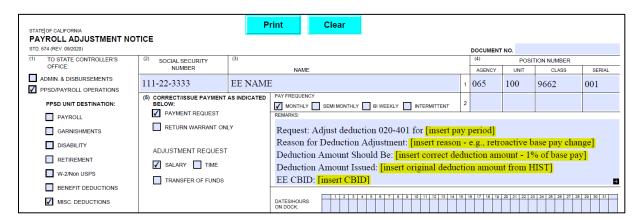
If departments key any retroactive changes to base salary, they should submit Form STD. 674 via ConnectHR to Misc Deductions – STD. 674 to request the necessary adjustments to the contributions. Prompt submission will help to ensure that employee contributions are received and invested timely. The SCO will also run a quarterly program to capture retroactivity and generate adjustments. The program will look at the prior quarter, so any payments outside of that quarter will *not* be considered and will require a Form STD. 674.

#### What information needs to be included on Form STD. 674?

The following sample shows the information that needs to be included on Form STD. 674 when requesting a deduction for an employee who missed a contribution. Please specify whether the employee is on pay status/receiving pay, or off pay status with no pay, as this affects the processing of the deduction.



The following sample shows the information that needs to be included on Form STD. 674 when requesting an adjustment to a contribution.



For questions regarding form submission and processing, please contact PPSDW2MiscDed@sco.ca.gov.

#### Can a listing be submitted instead of individual Form STD. 674?

Yes, a listing can be submitted if multiple employees have the same reason for missing a contribution or needing an adjustment. The listing should contain no more than 25 employees and no fewer than five employees. The following information should be included for each employee: name, SSN, EE CBID, deduction pay period, base pay, percentage (1.0%), deduction amount, and reason. All listings should also include a Form STD. 674 cover sheet following the above formats and be submitted via ConnectHR to Misc Deductions – STD. 674.

#### References

Bargaining Unit 6 Memorandum of Understanding

Savings Plus Bargaining Unit 6: HR Backpage

<u>CalHR HR Manual: Section 1801 – Contribution Rates</u>

SCO Payroll Letter #24-019

SCO Payroll Letter #25-001