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**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

September 16, 2019

**COMPTROLLER'S MEMORANDUM NO. 2019-18**

TO: Heads of Departments and Agencies

ATTN: Human Resource Offices  
Fiscal and Payroll Offices

FROM: Curt T. Otaguro, Comptroller  
Department of Accounting and General Services

SUBJECT: Employee's Designation of Payroll Beneficiary

Upon hire, State employees are required to complete a designation of payroll beneficiary statement identifying an individual(s) or entity they wish to receive their unpaid wages and the value of their unpaid earned leave should they pass away while in state service. State law prescribes that a failure to file a beneficiary statement shall result in payment of unpaid wages and leave to the employee's estate.

Upon approval of Act 64, SLH 2019, Hawai'i Revised Statutes (HRS) § 78-23(c) has been amended:

- 1) to allow for the retention of electronic beneficiary statements; and
- 2) to allow all written beneficiary statements to be kept on file with the department in which the employee was employed.

To ensure that State employees' designation of beneficiary is current, to ensure the practical application of the Statute, and to ensure there is an electronic back up of data in the event of a disaster, the following procedural changes are detailed below:

**Electronic Beneficiary Statements**

Effective November 1, 2019, the Hawai'i Information Portal (HIP) shall be the State's primary system of record for payroll beneficiary information. The designation of a payroll beneficiary in HIP shall be deemed "verified", for the purposes of complying with HRS and the State's new hire/rehire processing requirements.

All current employees shall be directed to log into HIP and verify that their designated payroll beneficiary is correct or update their designation as appropriate.

Effective November 1, 2019, all new hires, rehires, and transfers will be required to designate or update their payroll beneficiary information. It is recommended that each department conduct an electronic "re-enrollment" campaign over the course of the next few months to encourage employees to update their payroll beneficiary information in HIP no later than January 31, 2020. Departments are also strongly encouraged to send an annual reminder to all employees to review their beneficiary designation and update it as necessary. Payroll beneficiary designations completed in HIP shall supersede all prior hard copies of beneficiary statements the State has retained, and only the most recently submitted beneficiary designation in HIP shall be effective.

#### Retention of Written Beneficiary Statements for Accommodations

Should the employee be unable to complete a beneficiary statement in HIP, a reasonable accommodation may be made to allow the employee to complete a State Accounting Form D-90 in lieu of using HIP. Form D-90 has been updated to comply with the HRS and has been revised to match the beneficiary functions in HIP. Any employee completing a Form D-90 instead of completing it in HIP must have it notarized for the form to be deemed "verified". Effective November 1, 2019, any newly-completed State Accounting Form D-90 shall be retained at the employing department after input into HIP by authorized department payroll HIP user, rather than centrally stored within the Department of Accounting and General Services' Accounting Division. As a result of the form being retained at the employing department, it will no longer be required to be printed on yellow paper. Any Form D-90s received after October 31, 2019, will be returned to the department with no action taken. This designation form will be secured in a confidential file with the employee's department or agency after it is entered into HIP for electronic storage and retrieval. The electronic entry in the HIP will be the official record for the issuance of payment and will supersede any previously submitted elections whether on paper or through the electronic form in HIP.

#### Disbursement of Pay and Tax Treatment

Upon an employee's passing, the department shall request disbursement of the employee's unpaid wages and unpaid leave to their designated beneficiary/beneficiaries according to the beneficiary designation maintained in HIP. Payroll beneficiaries can be designated as "primary" or "contingent". Contingent beneficiaries are paid only if there are no surviving primary beneficiaries at the time of the employees' death.

If no record in HIP exists, the department shall request disbursement of the employee's unpaid wages and unpaid leave to their designated beneficiary/beneficiaries according to the most recent notarized hardcopy State Accounting Form D-90 on file. If the Form D-90 was executed by the employee prior to November 1, 2019, and exists on file with the State Comptroller's office, the department may request the Form D-90 from the DAGS Pre-Audit Branch.

Prior to requesting disbursement, the department shall contact each designated beneficiary via the address provided on the employee's beneficiary statement Form D-90 and request that they complete an IRS Form W-9. The social security number on the beneficiary's returned Form W-9 must match the beneficiary's social security number/federal identification number provided on the beneficiary statement Form D-90. Each beneficiary shall be taxed on the disbursement. After disbursement, the department shall prepare and issue each beneficiary a 1099 by January 31<sup>st</sup> of the year following the calendar year of disbursement.

If you have any questions, please contact Lenora D. Fisher, Accounting System Administrator, Accounting Division at [lenora.d.fisher@hawaii.gov](mailto:lenora.d.fisher@hawaii.gov).

c: Debra Nishiyama, DHRD Staffing Division Administrator  
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