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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

July 25, 2025

FINANCE MEMORANDUM

MEMO NO. 25-11

TO: All Department Heads

FROM: Luis P. Salaveria /s/
Director of Finance

SUBJECT: Interim Fringe Benefit Rates for FY 26

The most recent U.S. Department of Health and Human Services (DHHS) approved composite fringe benefit rate (RATE) is for FY 23 at 63.55%. Based on the approved FY 23 RATE and on the State's proposed rate for FY 24, the interim FY 24 RATE that was last revised in July 2023 has been updated. The approved RATE for FY 23, the interim RATE for FY 24, and the interim RATE for FY 26 (based on the State's FY 24 RATE proposal pending review and approval) are shown below. Until new fringe benefit rates are approved by DHHS, the following interim fringe benefit rates for FY 26 will be in effect:

<u>Item</u>	<u>Approved FY 23 Rate</u>	<u>Interim FY 24 Rate</u>	<u>Interim FY 26 Rate</u>
Pension Accumulation	24.00%	24.00%	24.00%
Pension Administration	0.02%	0.01%	0.02%
Retiree Health Insurance	11.81%	12.03%	12.31%
Employees' Health Fund*	7.05%	7.32%	7.36%
Workers' Compensation	1.47%	1.42%	1.08%
Unemployment Compensation	1.43%	0.13%	0.45%
Social Security	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%
Other Post-Employment Benefits	<u>10.12%</u>	<u>11.69%</u>	<u>6.67%</u>
Composite Rate	63.55%	64.25%	59.54%

*Should only be used for budgeting purposes. Departments are instructed to charge actual costs as assessed through the payroll system.

It is noted that for FY 26, the pension accumulation rates are as follows:

<u>Job Category</u>	<u>Employer Contribution Rate</u>	<u>Statutory Authorization</u>
General Employees	24.00%	Act 17, SLH 2017
Special Categories (Police Officers, Firefighters, and Corrections Officers)	41.00%	Act 17, SLH 2017
Retiree – Return to Work General Employees	20.20%	Not Applicable*
Retiree – Return to Work Special Categories (Police Officers, Firefighters, and Corrections Officers)	33.90%	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.