

Leaving State or County Employment?

Hybrid Plan



Employees' Retirement System
of the State of Hawaii

Frequently asked retirement questions for those leaving State or County employment

Hybrid Plan

1. How do I know what retirement plan I am enrolled in?

You may contact the ERS Office or your Personnel Office to find out your retirement plan.

The Employees' Retirement System (ERS) is comprised of three retirement plans: Contributory, Hybrid, and Noncontributory. Your occupation and the date you became an ERS member determined what plan you are enrolled in.

For Hybrid Plan members, retirement contributions are deducted from your monthly gross salary on a pre-tax basis.

If your membership date is **after** June 30, 2012, your pay statement will show a retirement contribution deduction of either 8% (most employees), or 11.75% (sewer workers, water safety officers, and emergency medical technicians).

If your membership date is **prior** to July 1, 2012, your pay statement will show a retirement contribution deduction of either 6% (most employees), or 9.75% (sewer workers, water safety officers, and emergency medical technicians).

Contributory Plan members also have retirement contributions deducted from their monthly salary while Noncontributory Plan members do not.

2. What are the minimum requirements for service retirement?

It depends on your ERS membership date as illustrated in the chart below:

Membership date AFTER June 30, 2012		Membership date PRIOR to July 1, 2012	
Normal Retirement	Age 65 w/10 yos Age 60 w/30 yos	Normal Retirement	Age 62 w/5 yos Age 55 w/30 yos
*Early Retirement (Age Penalty)	Age 55 w/20 yos	*Early Retirement (Age Penalty)	Age 55 w/20 yos
Vesting	10 yos	Vesting	5 yos

yos = Years of service

**Sewer workers and emergency medical technicians may retire with 25 years of credited service (without an age penalty), subject to certain provisions and limitations.*

Please contact an ERS office if you are eligible to retire. We must receive your retirement application at least 30 days or up to 150 days before your retirement date.

3. What is credited membership service?

Credited membership service is the length of time you work for the State or County while a member of the ERS. If you are employed for 15 or more calendar days in any month (14 calendar days in February), you will receive one month of service credit. It includes regular membership service and authorized leaves such as industrial injury, sabbatical, educational, and professional improvement for which contributions, if required, are made. Previous service and active military duty may also be acquired for additional service credit.

If you have any additional service to acquire you should file your claim with the ERS before you leave your State or County job. If you do not file your claim before you leave your State or County job, check with the ERS immediately to find out if you are still eligible to claim the additional service.

4. Am I entitled to any retirement benefits when I leave my job?

Yes, if you have “vested benefit status” based on your membership date, when you attain the age requirement.

As a vested member, if you leave your contributions with the ERS and return to a State or County job covered by ERS before you retire, you will return as a vested Hybrid Plan member unless you are required by law to join the Contributory Plan and will continue to earn retirement service credit.

5. What if I do not have “vested benefit status”?

You may leave your retirement contributions with the ERS which will earn 4.5% or 2% interest depending on your ERS membership date.

If you leave your retirement contributions with ERS and return to a State or County job covered by ERS within 4 calendar years after the year you leave employment, you will retain all of your service credits and your original membership date. If you return to a State or County job covered by ERS **after** 4 calendar years, you will retain all of your service credits, but you will have a new membership date. Upon your return to work, you will be enrolled in the Hybrid Plan unless you are required by law to join the Contributory Plan.

If you do not return to a State or County job covered by ERS, your contributions will be held in an ERS retirement account until you request a refund or you reach age 62.

If you move from one State or County job covered by ERS to another without a working day break in service, you will continue your membership in the Hybrid Plan unless you are required by law to join the Contributory Plan. Be sure to inform your new personnel office of your transfer.

Your personnel office will also be able to tell you if your new job is covered by ERS.

6. What happens if I decide to take a refund of my retirement contributions?

You will lose (forfeit) all of your credited service and you will NOT be eligible for a retirement benefit.

Your refund payment may be directly rolled over into your IRA by the ERS and no federal income taxes will be withheld.

If you wish to have the refund payment go directly to you, ERS will withhold at least 20% of the taxable portion of your refund and pay you the remaining balance. Under this option, you must rollover all or part of the taxable portion of your contributions into an IRA within 60 days of receipt of your payment

You should consult a financial advisor or tax specialist regarding the rollover of the taxable as well as the nontaxable portion of your refund.

7. What taxes do I have to pay if I take a refund of my contributions?

Your refund is subject to federal income taxes on the taxable portion of your refund payment. If you are below age 55 (age 50 for public safety employees), an additional 10% tax on the taxable portion of your refund must be paid to the Internal Revenue Service. However, you can defer these taxes by rolling over the taxable portion of your refund into an IRA.

Your refund payment is not subject to State of Hawaii income tax.

8. What happens if I return to a State or County job covered by ERS after I take a refund of my retirement contributions?

You will be enrolled in the **Hybrid Plan** unless you are required by law to join the Contributory Plan.

Under the Hybrid Plan, your previously forfeited Hybrid service cannot be acquired for a future retirement benefit.

9. What will happen to my unused sick leave?

If you are eligible for a service retirement benefit your unused sick leave may be used to increase your retirement benefit if you have at least 60 days of unused sick leave and you leave government service in good standing **for each termination**.

However, unused sick leave cannot be used to meet the minimum retirement vesting requirements. Every 20 days of unused sick leave is equal to one month of service credit. Your personnel/payroll office will determine your unused sick leave balance.

Example: Wes has 9 years and 9 months of credited service and 3 months of unused sick leave. The 3 months of unused sick leave cannot be used to meet the 10-year minimum vesting requirement. If Wes has at least 10 years of credited service when he retires, the 3 months of unused sick leave will be used to increase his credited service for the purpose of calculating his monthly retirement benefit.

10. What about my lump sum vacation payment?

Your lump sum vacation payment is determined by your personnel/payroll office. It will not increase your retirement service credits or affect your retirement benefit.

11. What happens if I pass away after I leave my job?

Provided your retirement contributions were not previously refunded:

If you were **vested** at the time of your death, your designated beneficiary(ies) will receive all of your contributions and interest *plus* an additional percentage (20% or 50% based on your membership date), of your Hybrid Plan contributions and interest (excluding any contributions you made to upgrade or purchase Hybrid service).

If you were **not vested** at the time of your death, your designated beneficiary(ies) will only receive the total amount of your retirement contributions, including interest.

Important Message

Before leaving employment please contact our office to get up to date information on your retirement benefits eligibility and to make sure the ERS has your correct address and contact information.

Call or write to us at the Oahu office listed on the back cover or any of the following other ERS locations listed below. You can also check our website at <http://ers.hawaii.gov/> for additional information.

Hawaii

101 Aupuni Street, Room 208
Hilo, Hawaii 96720
Phone: 974-4076, 974-4077
Fax: 974-4078
Toll-free to Oahu: 974-4000, ext. 61735

Kauai

3060 Eiwa Street, Room 302
Lihue, Hawaii 96766
Phone: 274-3010, 274-3011
Fax: 241-3193
Toll-free to Oahu: 274-3141, ext. 61735

Maui

State Office Building, Room 218
54 S. High Street
Wailuku, Hawaii 96793
Phone: 984-8181, 984-8282
Fax: 984-8183
Toll-free to Oahu: 984-2400, ext. 61735

Molokai/Lanai

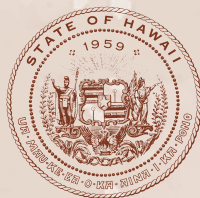
Toll-free to Oahu: 1-800-468-4644, ext. 61735

U.S. Mainland

Toll-free to Oahu: 1-888-659-0708



Employees' Retirement System
of the State of Hawaii



Employees' Retirement System
City Financial Tower
201 Merchant Street, Suite 1400, Honolulu, Hawaii 96813-2980
Phone: 586-1735 · Fax: 587-5766 · Website: <http://ers.ehawaii.gov/>

This handout provides general information to consider prior to leaving employment. This is not a contract and does not amend, modify, override, or nullify any statute, rule, policy, procedure or document used in the retirement process. The rights and benefits that you are entitled to receive are governed by rules and statutes which may change.