



**STATE OF HAWAII**  
EMPLOYEES' RETIREMENT SYSTEM

February 2012

ALOHA!

Subject: Retirement Application Packet (*Noncontributory Plan*)

Congratulations on your planned retirement! This packet has been designed to assist you in the retirement process and contains the following:

1. Service Retirement Application and Instructions for Completing Service Retirement Application – Form 18-N (green)
2. ERS 182 (Rev. 2/2012) - Spousal/Civil Union Partner/Reciprocal Beneficiary Notification Form (white)
3. Important Notice – Rule Affecting 100% Joint & Survivor Retirement Options with Non-Spouse Beneficiary (white)
4. IRS Form W4-P – Withholding Certificate for Pension or Annuity (white)
5. Retirement Information (white)
6. Choosing the Best Retirement Option for You (pink)

Please do the following:

1. Complete the Service Retirement Application accurately – refer to the instruction sheet (green) and the Retirement Information sheet to help you complete the form.
2. Bring the completed Service Retirement Application and the requested documents with you to your appointment. If you are not attending a Retirement Counseling/Filing Session, please return the completed/notarized Retirement Application to your nearest ERS office.

Please note:

1. Your desired retirement date must be the 1<sup>st</sup> day of any month or the 31<sup>st</sup> day of December.
2. You can submit your Retirement Application as early as 150 days before your retirement date but not later than 30 days before your retirement date.

Should you need further assistance, please contact our office at (808) 586-1735.

Very truly yours,

Wesley Machida  
Administrator

Enclosures



Employees' Retirement System  
of the State of Hawaii

**Instructions for Completing Service Retirement Application – Form 18-N  
(Noncontributory Plan)**

An application for retirement must be received in the Employees' Retirement System (ERS) office as early as 150 days before but not less than 30 days before the retirement date. Your retirement date must be the 1<sup>st</sup> of the month except for December when retirement can be either the 1<sup>st</sup> of the 31<sup>st</sup> of the month. It cannot be the same day as your last day of work.

The following instructions will help you complete the application form. Please call the ERS Honolulu office at (808) 586-1735 if you need further assistance.

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**I. PERSONAL DATA**

**Name:** Last, first, and middle name.

**Social Security Number:** Your 9-digit number.

**Mailing or PO Box Address:** Address for the receipt of ERS mail. (Note: Any change in your mailing address must be reported to the ERS in writing to ensure proper delivery of notices, statements, and tax forms to you).

**Retirement Date:** Your retirement date must be the 1<sup>st</sup> day of a month or the 1<sup>st</sup> or 31<sup>st</sup> day of December. It cannot be the same day as your last day of work.

**Date of Birth:** The month, day, and year of your birth. Please provide both the original document and a photocopy of it for birth date verification. Acceptable documents include:

- Certified copy of your birth certificate; or
- Original baptismal certificate recorded before age five; or
- Written verification from Social Security if you are age 62 or over.

If one of the above is not available, submit any two of the following:

- Original baptismal certificate/religious record with birth date or age and recorded after age five
- Valid Hawaii driver's license
- Hawaii State Identification card
- Passport
- Foreign passport with birth date or age
- Marriage record with birth date or age
- Naturalization record with birth date or age
- Voter registration record
- Census record
- Military record with birth date or age
- Hospital treatment record with birth date or age
- Life insurance policy
- Elementary school record
- Child's birth certificate with age of member/parent

**Position or Job Title/Department/Division or School:** Your position or job title, the name of the Department and/or Division you are employed with, and/or the name of the school where you work.

**Employer:** Check off whether you work for the State, County (identify which County), or Board of Water Supply.

**Deposit Check To:** Name of Financial Institution where you want your monthly pension checks to be deposited. Specify whether it's a checking account (attach voided check) or savings account (attach deposit slip), and provide the account number. You will receive a monthly pension, which will be paid at the end of each month.

**Daytime/Home/Cellular Phone:** Enter the appropriate number for each.

## **II. RETIREMENT OPTIONS**

Carefully read the information on “Retirement Information” enclosure. Select only one retirement option.

You should select an option at the time you file your retirement application. You may change your option at any time **prior** to your retirement date. Option changes are **not allowed** once your retirement is effective.

## **III. BENEFICIARY DESIGNATION**

List your beneficiary’s name, social security number, their relationship to you, and their date of birth.

Multiple beneficiaries, a trust, or an estate may be designated for the Maximum Allowance option only. Only one beneficiary may be designated for Options A, B, or C. If you select an option that allows designation of multiple beneficiaries, provide the Social Security number of the first beneficiary. Also, clearly indicate the proportionate share each beneficiary should receive. For example, “In equal shares or to whoever survives.”

If you select Options A or B, you must provide verification of your beneficiary’s birth date. (Please refer to the list of acceptable documents on the front page of these instructions).

## **IV. SIGNATURE**

You must sign the application in the presence of a Notary or an ERS representative. Your signature may be witnessed at the ERS office or retirement filing session at no charge. However, appropriate identification is required.

**NOTE: IF YOU ARE MAILING IN YOUR APPLICATION, PLEASE BE SURE ALL NECESSARY DOCUMENTS ARE ATTACHED. IDENTIFY EACH DOCUMENT WITH YOUR NAME AND SOCIAL SECURITY NUMBER. APPLICATION MUST BE SIGNED AND NOTARIZED.**

## **OTHER**

Complete and submit the following, as applicable:

### **I. IRS FORM W4P – WITHHOLDING CERTIFICATE FOR PENSION OR ANNUITY**

All pensioners are required to submit this for federal income tax withholding on monthly pension payments. Refer to instructions for this form.

### **II. ERS 182 – SPOUSAL/CIVIL UNION PARTNER/RECIPROCAL BENEFICIARY NOTIFICATION**

Indicate your relationship status and, if applicable, provide the name and address of your spouse, civil union partner, or reciprocal beneficiary.

EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF HAWAII

201 MERCHANT STREET, SUITE 1400, HONOLULU, HAWAII 96813-2980

Phone: (808) 586-1735 or Neighbor Island: Hawaii 974-4000, ext. 61735, Maui: 984-2400, ext. 61735, Kauai: 274-3141, ext. 61735  
Molokai/Lanai: 1-800-468-4644, ext. 61735

**SERVICE RETIREMENT APPLICATION**  
(Noncontributory Plan)

Date \_\_\_\_\_, 20\_\_\_\_

To the Board of Trustees:

In accordance with the provisions of law governing the operation of the Employees' Retirement System (ERS) of the State of Hawaii, the undersigned, a member of ERS, hereby applies for retirement from active service.

**I. PERSONAL DATA:** (Please print or type)

Name: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

LAST FIRST MIDDLE

Mailing/ PO Box Address: \_\_\_\_\_  
Street Apt. No. City State Zip code

Retirement Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_ Marital Status: [ ] Single [ ] Married  
MONTH DAY YEAR MONTH DAY YEAR

Position/Job Title, Dept., Division or School: \_\_\_\_\_

Employer: (Check one) [ ] State of Hawaii [ ] County of \_\_\_\_\_ [ ] Board of Water Supply

Deposit Check to: Financial Institution Name: \_\_\_\_\_

[ ] Checking (attach voided check) [ ] Savings

Account No. \_\_\_\_\_ Bank Routing No. (ACH) \_\_\_\_\_

Daytime Phone: \_\_\_\_\_ Home Phone: \_\_\_\_\_ Cellular Phone: \_\_\_\_\_

**II. RETIREMENT OPTIONS:** (Select one only)

I have read the information on selecting a retirement option and I select the following retirement option:

[ ] Maximum Allowance [ ] Option A (50% Survivor) [ ] Option B (100% Survivor) [ ] Option C (10-Yr Guarantee)

**III. BENEFICIARY DESIGNATION:** This section must be completed for all options. Only one beneficiary may be designated for Options A, B, & C. Multiple beneficiaries, a trust, or an estate may be designated for the Maximum Allowance only.

Name: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

Relationship: \_\_\_\_\_ Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_  
MONTH DAY YEAR

**IV. SIGNATURE:** This application must be signed in the presence of an ERS representative or a Notary Public.

Signed \_\_\_\_\_ Date \_\_\_\_\_ ERS Representative \_\_\_\_\_

State of Hawaii )  
County of \_\_\_\_\_ ) SS.

On the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ personally appeared before me the said named \_\_\_\_\_ to me known to be the person described in and who executed the foregoing instrument and who acknowledged such execution as being a free and voluntary act and deed.

Affix your  
official seal

\_\_\_\_\_  
Notary Public \_\_\_\_\_  
My commission expires \_\_\_\_\_

**Withholding Certificate for  
 Pension or Annuity Payments**

**2016**

**Purpose.** Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution, as explained on pages 3 and 4. Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2016.

**What do I need to do?** Complete lines **A** through **G** of the **Personal Allowances Worksheet**. Use the additional worksheets on page 2 to further adjust your withholding allowances for itemized deductions, adjustments to income, any additional standard deduction, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any federal income tax withheld (see *Purpose*, earlier), you can skip the worksheets and go directly to the Form W-4P below.

**Sign this form.** Form W-4P is not valid unless you sign it.

**Future developments.** The IRS has created a page on [IRS.gov](http://IRS.gov) for information about Form W-4P and its instructions, at [www.irs.gov/w4p](http://www.irs.gov/w4p). Information about any future developments affecting Form W-4P (such as legislation enacted after we release it) will be posted on that page.

**Personal Allowances Worksheet (Keep for your records.)**

**A** Enter "1" for **yourself** if no one else can claim you as a dependent . . . . . **A** \_\_\_\_\_

**B** Enter "1" if:   
 { • You are single and have only one pension; or   
 • You are married, have only one pension, and your spouse has no income subject to withholding; or   
 • Your income from a second pension or a job or your spouse's pension or wages (or the total of all) is \$1,500 or less. } . . . . . **B** \_\_\_\_\_

**C** Enter "1" for your **spouse**. But, you may choose to enter "-0-" if you are married and have either a spouse who has income subject to withholding or more than one source of income subject to withholding. (Entering "-0-" may help you avoid having too little tax withheld.) . . . . . **C** \_\_\_\_\_

**D** Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return . . . . . **D** \_\_\_\_\_

**E** Enter "1" if you will file as **head of household** on your tax return . . . . . **E** \_\_\_\_\_

**F Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.   
 • If your total income will be less than \$70,000 (\$100,000 if married), enter "2" for each eligible child; then **less** "1" if you have two to four eligible children or **less** "2" if you have five or more eligible children.   
 • If your total income will be between \$70,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child . . . . . **F** \_\_\_\_\_

**G** Add lines A through F and enter total here. (**Note:** This may be different from the number of exemptions you claim on your tax return.) ► **G** \_\_\_\_\_

For accuracy, complete all worksheets that apply.   
 { • If you plan to **itemize** or **claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.   
 • If you are **single and have more than one source of income subject to withholding** or are **married and you and your spouse both have income subject to withholding** and your combined income from all sources exceeds \$50,000 (\$20,000 if married), see the **Multiple Pensions/More-Than-One-Income Worksheet** on page 2 to avoid having too little tax withheld.   
 • If **neither** of the above situations applies, **stop here** and enter the number from line G on line 2 of Form W-4P below.

----- Separate here and give Form W-4P to the payer of your pension or annuity. Keep the top part for your records. -----

**Withholding Certificate for  
 Pension or Annuity Payments**

**2016**

► For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Your first name and middle initial	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

**Complete the following applicable lines.**

**1** Check here if you **do not want any** federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ►

**2** Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You also may designate an additional dollar amount on line 3.) . . . . . ► \_\_\_\_\_

**Marital status:**  Single  Married  Married, but withhold at higher Single rate. (Enter number of allowances.)

**3** Additional amount, if any, you want withheld from each pension or annuity payment. (**Note:** For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.) . . . . . ► \$ \_\_\_\_\_

Your signature ►

Date ►

**Deductions and Adjustments Worksheet**

**Note:** Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

- 1 Enter an estimate of your 2016 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 10% (7.5% if either you or your spouse was born before January 2, 1952) of your income, and miscellaneous deductions. For 2016, you may have to reduce your itemized deductions if your income is over \$311,300 and you are married filing jointly or are a qualifying widow(er); \$285,350 if you are head of household; \$259,400 if you are single and not head of household or a qualifying widow(er); or \$155,650 if you are married filing separately. See Pub. 505 for details . . . . . **1** \$ \_\_\_\_\_
- 2 Enter: { \$12,600 if married filing jointly or qualifying widow(er)  
\$9,300 if head of household  
\$6,300 if single or married filing separately } . . . . . **2** \$ \_\_\_\_\_
- 3 **Subtract** line 2 from line 1. If zero or less, enter “-0-” . . . . . **3** \$ \_\_\_\_\_
- 4 Enter an estimate of your 2016 adjustments to income and any additional standard deduction (see Pub. 505) . . . . . **4** \$ \_\_\_\_\_
- 5 **Add** lines 3 and 4 and enter the total. (Include any credit amounts from the *Converting Credits to Withholding Allowances for 2016 Form W-4* worksheet in Pub. 505.) . . . . . **5** \$ \_\_\_\_\_
- 6 Enter an estimate of your 2016 income not subject to withholding (such as dividends or interest) . . . . . **6** \$ \_\_\_\_\_
- 7 **Subtract** line 6 from line 5. If zero or less, enter “-0-” . . . . . **7** \$ \_\_\_\_\_
- 8 **Divide** the amount on line 7 by \$4,050 and enter the result here. Drop any fraction . . . . . **8** \_\_\_\_\_
- 9 Enter the number from the **Personal Allowances Worksheet**, line G, page 1 . . . . . **9** \_\_\_\_\_
- 10 **Add** lines 8 and 9 and enter the total here. If you use the **Multiple Pensions/More-Than-One-Income Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4P, line 2, page 1 . . . . . **10** \_\_\_\_\_

**Multiple Pensions/More-Than-One-Income Worksheet**

**Note:** Complete *only* if the instructions under line G, page 1, direct you here. This applies if you (and your spouse if married filing jointly) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

- 1 Enter the number from line G, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) . . . . . **1** \_\_\_\_\_
- 2 Find the number in **Table 1** below that applies to the **LOWEST** paying pension or job and enter it here. **However**, if you are married filing jointly and the amount from the highest paying pension or job is \$65,000 or less, do not enter more than “3” . . . . . **2** \_\_\_\_\_
- 3 If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter “-0-”) and on Form W-4P, line 2, page 1. **Do not** use the rest of this worksheet . . . . . **3** \_\_\_\_\_

**Note:** If line 1 is **less than** line 2, enter “-0-” on Form W-4P, line 2, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

- 4 Enter the number from line 2 of this worksheet . . . . . **4** \_\_\_\_\_
- 5 Enter the number from line 1 of this worksheet . . . . . **5** \_\_\_\_\_
- 6 **Subtract** line 5 from line 4 . . . . . **6** \_\_\_\_\_
- 7 Find the amount in **Table 2** below that applies to the **HIGHEST** paying pension or job and enter it here . . . . . **7** \$ \_\_\_\_\_
- 8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed . . . . . **8** \$ \_\_\_\_\_
- 9 **Divide** line 8 by the number of pay periods remaining in 2016. For example, divide by 12 if you are paid every month and you complete this form in December 2015. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment . . . . . **9** \$ \_\_\_\_\_

**Table 1**

**Table 2**

Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from <b>LOWEST</b> paying job or pension are—	Enter on line 2 above	If wages from <b>LOWEST</b> paying job or pension are—	Enter on line 2 above	If wages from <b>HIGHEST</b> paying job or pension are—	Enter on line 7 above	If wages from <b>HIGHEST</b> paying job or pension are—	Enter on line 7 above
\$0 - \$6,000	0	\$0 - \$9,000	0	\$0 - \$75,000	\$610	\$0 - \$38,000	\$610
6,001 - 14,000	1	9,001 - 17,000	1	75,001 - 135,000	1,010	38,001 - 85,000	1,010
14,001 - 25,000	2	17,001 - 26,000	2	135,001 - 205,000	1,130	85,001 - 185,000	1,130
25,001 - 27,000	3	26,001 - 34,000	3	205,001 - 360,000	1,340	185,001 - 400,000	1,340
27,001 - 35,000	4	34,001 - 44,000	4	360,001 - 405,000	1,420	400,001 and over	1,600
35,001 - 44,000	5	44,001 - 75,000	5	405,001 and over	1,600		
44,001 - 55,000	6	75,001 - 85,000	6				
55,001 - 65,000	7	85,001 - 110,000	7				
65,001 - 75,000	8	110,001 - 125,000	8				
75,001 - 80,000	9	125,001 - 140,000	9				
80,001 - 100,000	10	140,001 and over	10				
100,001 - 115,000	11						
115,001 - 130,000	12						
130,001 - 140,000	13						
140,001 - 150,000	14						
150,001 and over	15						

## Additional Instructions

Section references are to the Internal Revenue Code.

**When should I complete the form?** Complete Form W-4P and give it to the payer as soon as possible. Get Pub. 505, Tax Withholding and Estimated Tax, to see how the dollar amount you are having withheld compares to your projected total federal income tax for 2016. You also may use the IRS Withholding Calculator at [www.irs.gov/individuals](http://www.irs.gov/individuals) for help in determining how many withholding allowances to claim on your Form W-4P.

**Multiple pensions/more-than-one-income.** To figure the number of allowances that you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You may file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4P for the highest source of income subject to withholding and zero allowances are claimed on the others.

**Other income.** If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital gains), consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Get Form 1040-ES and Pub. 505 at [www.irs.gov/formspubs](http://www.irs.gov/formspubs).

If you have income from wages, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or Form W-4P.

**Note:** Social security and railroad retirement payments may be includible in income. See Form W-4V, Voluntary Withholding Request, for information on voluntary withholding from these payments.

## Withholding From Pensions and Annuities

Generally, federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. The method and rate of withholding depend on (a) the kind of payment you receive; (b) whether the payments are delivered outside the United States or its commonwealths and possessions; and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. See page 4 for special withholding rules that apply to payments outside the United States and payments to foreign persons.

Because your tax situation may change from year to year, you may want to refigure your withholding each year. You can change the amount to be withheld by using lines 2 and 3 of Form W-4P.

**Choosing not to have income tax withheld.** You (or in the event of death, your beneficiary or estate) can choose not to have federal income tax withheld from your payments by using line 1 of Form W-4P. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. Enter the estate's employer identification number (EIN) in the area reserved for "Your social security number" on Form W-4P.

You may not make this choice for eligible rollover distributions. See *Eligible rollover distribution—20% withholding* on page 4.

**Caution:** There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.

**Periodic payments.** Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than 1 year. They may be paid annually, quarterly, monthly, etc.

If you want federal income tax to be withheld, you must designate the number of withholding allowances on line 2 of Form W-4P and indicate your marital status by checking the appropriate box. Under current law, you cannot designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3.

If you do not want any federal income tax withheld from your periodic payments, check the box on line 1 of Form W-4P and submit the form to your payer. However, see *Payments to Foreign Persons and Payments Outside the United States* on page 4.

**Caution:** If you do not submit Form W-4P to your payer, the payer must withhold on periodic payments as if you are married claiming three withholding allowances. Generally, this means that tax will be withheld if your pension or annuity is at least \$1,720 a month.

If you submit a Form W-4P that does not contain your correct social security number (SSN), the payer must withhold as if you are single claiming zero withholding allowances even if you checked the box on line 1 to have no federal income tax withheld.

There are some kinds of periodic payments for which you cannot use Form W-4P because they are already defined as wages subject to federal income tax withholding. These payments include retirement pay for service in the U.S. Armed Forces and payments from certain nonqualified deferred compensation plans and deferred compensation plans described in section 457 of tax-exempt organizations. Your payer should be able to tell you whether Form W-4P applies.

For periodic payments, your Form W-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have federal income tax withheld (if permitted) or to change your choice.

**Nonperiodic payments—10% withholding.** Your payer must withhold at a flat 10% rate from nonperiodic payments (but see *Eligible rollover distribution—20% withholding* on page 4) **unless** you choose not to have federal income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have federal income tax withheld from a nonperiodic payment (if permitted) by submitting Form W-4P (containing your correct SSN) to your payer and checking the box on line 1. Generally, your choice not to have federal income tax withheld will apply to any later payment from the same plan. You cannot use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount that you want withheld.

**Caution:** If you submit a Form W-4P that does not contain your correct SSN, the payer cannot honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.

**Eligible rollover distribution—20% withholding.** Distributions you receive from qualified pension or annuity plans (for example, 401(k) pension plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat 20% federal withholding rate. The 20% withholding rate is required, and you cannot choose not to have income tax withheld from eligible rollover distributions. Do not give Form W-4P to your payer unless you want an additional amount withheld. Then, complete line 3 of Form W-4P and submit the form to your payer.

**Note:** The payer will not withhold federal income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA or another eligible retirement plan (if allowed by the plan), such as a qualified pension plan, governmental section 457(b) plan, section 403(b) contract, or tax-sheltered annuity.

Distributions that are (a) required by law, (b) one of a specified series of equal payments, or (c) qualifying “hardship” distributions are **not** “eligible rollover distributions” and are not subject to the mandatory 20% federal income tax withholding. See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* on page 3.

**Tax relief for victims of terrorist attacks.** For tax years ending after September 10, 2001, disability payments for injuries incurred as a direct result of a terrorist attack directed against the United States (or its allies), whether outside or within the United States, are not included in income. You may check the box on line 1 of Form W-4P and submit the form to your payer to have no federal income tax withheld from these disability payments. However, you must include in your income any amounts that you received or you would have received in retirement had you not become disabled as a result of a terrorist attack. See Pub. 3920, *Tax Relief for Victims of Terrorist Attacks*, for more details.

## Changing Your “No Withholding” Choice

**Periodic payments.** If you previously chose not to have federal income tax withheld and you now want withholding, complete another Form W-4P and submit it to your payer. If you want federal income tax withheld at the rate set by law (married with three allowances), write “Revoked” next to the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

**Nonperiodic payments.** If you previously chose not to have federal income tax withheld and you now want withholding, write “Revoked” next to the checkbox on line 1 and submit Form W-4P to your payer.

## Payments to Foreign Persons and Payments Outside the United States

Unless you are a nonresident alien, withholding (in the manner described above) is required on any periodic or nonperiodic payments that are delivered to you outside the United States or its possessions. You cannot choose not to have federal income tax withheld on line 1 of Form W-4P. See Pub. 505 for details.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30% federal withholding tax under section 1441 on the taxable portion of a periodic or nonperiodic pension or annuity payment that is from U.S. sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding and tax. Also, payments from certain pension plans are exempt from withholding even if no tax treaty applies. See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Pub. 519, *U.S. Tax Guide for Aliens*, for details. A foreign person should submit Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to the payer before receiving any payments. The Form W-8BEN must contain the foreign person’s taxpayer identification number (TIN).

## Statement of Federal Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, your payer will furnish a statement to you on Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, showing the total amount of your pension or annuity payments and the total federal income tax withheld during the year. If you are a foreign person who has provided your payer with Form W-8BEN, your payer instead will furnish a statement to you on Form 1042-S, *Foreign Person’s U.S. Source Income Subject to Withholding*, by March 15 of next year.

## Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request federal income tax withholding from periodic pension or annuity payments based on your withholding allowances and marital status, (b) request additional federal income tax withholding from your pension or annuity, (c) choose not to have federal income tax withheld, when permitted, or (d) change or revoke a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF HAWAII**

201 Merchant Street, Suite 1400  
Honolulu, Hawaii 96813-2980

Phone: (808) 586-1735 or 1-800-468-4644 extension 61735 (neighbor islands)

**SPOUSAL/CIVIL UNION PARTNER/RECIPROCAL BENEFICIARY  
NOTIFICATION FORM**

The Employees' Retirement System (ERS) of the State of Hawaii must furnish written notification to a member's spouse, civil union partner, or reciprocal beneficiary regarding a member's retirement.

In order to comply with this requirement, you must provide the ERS with information relating to relationship status. This form must be returned to our office prior to your retirement date; otherwise, your initial pension check may be delayed.

(Circle one)

Relationship Status:   Married                  Civil Union Partner                  Reciprocal Beneficiary                  Single

If you circled married, civil union partner, or reciprocal beneficiary, you must also provide the name and mailing address of your spouse, civil union partner, or reciprocal beneficiary.

(Please print)

NAME:

\_\_\_\_\_

(Name of Spouse/Civil Union Partner/Reciprocal Beneficiary)

MAILING ADDRESS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I understand that:

- Notification can be waived if I selected option 2 or 3 (or combination thereof) or option A or B, and designated my spouse/civil union partner/reciprocal beneficiary as the primary beneficiary.
- My option selection shall not take effect unless I furnish the proper information.
- The ERS will rely on the information I have provided and will not be liable for any false statements.

Signature: \_\_\_\_\_ SSN: \_\_\_\_\_

Print Name: \_\_\_\_\_ Retirement Date: \_\_\_\_\_

## IMPORTANT NOTICE

### RULE AFFECTING 100% JOINT & SURVIVOR RETIREMENT OPTIONS WITH NON-SPOUSE BENEFICIARY

The ERS was required by federal law to adopt a rule (Hawaii Administrative Rule § 6-28-8) that affects the retirement allowance options that are available if an ERS member designates a beneficiary who is not the member's spouse. If the age difference between the member and the non-spouse beneficiary exceeds the federal limit for 100% joint and survivor annuities, the member may not select Option 2 or Option 4 (5&2) under the Contributory and Hybrid plans or Option B under the Noncontributory plan.

The age difference for the purpose of the federal limit is determined first by calculating the number of years by which the age of the member in the calendar year of retirement is greater than the age of the beneficiary in that calendar year. Then, if the member is younger than age 70, the age difference is reduced by the number of years the member is below age 70 in the calendar year of retirement. If the adjusted age difference is more than ten years, the member may not select a retirement allowance option that provides a non-spouse beneficiary with lifetime benefits upon the member's death at 100% of the amount that the member was receiving.

#### Examples:

#1

Retirement date:	12/31/2006	
Member birthdate:	3/1/1946	60 (age in 2006)
Beneficiary birthdate:	8/5/1976	<u>-30 (age in 2006)</u>
Age difference		30 years
Less (member age under 70)		<u>-10</u>
Adjusted age difference		20 years

Since the adjusted age difference is more than 10 years, therefore: Member may **not** elect to receive retirement benefits under any of the 100% survivor options (Contributory and Hybrid Plan Options 2 or 4 (5&2), or Noncontributory Plan Option B).

#2

Retirement date:	12/31/2006	
Member birthdate:	5/1/1951	55 (age in 2006)
Beneficiary birthdate:	1/5/1976	<u>-30 (age in 2006)</u>
Age difference		25 years
Less (member age under 70)		<u>-15</u>
Adjusted age difference		10 years

The adjusted age difference is less than 10 years, therefore: Member **may** elect to receive retirement benefits under the 100% survivor option(s) for the plan to which Member belongs: (Options 2 or 4 (5&2), if Member is in the Contributory or Hybrid Plan. Option B, if Member is in the Noncontributory Plan.)

Should you have any questions, please call our office at (808)586-1735 or mainland toll free at 1-888-659-0708.

**RETIREMENT INFORMATION**  
(Noncontributory Plan)

**ELIGIBILITY REQUIREMENTS**

- Regular Retirement - Any member who has attained age 62 with a minimum of 10 years of credited service or attained age 55 with 30 or more years of credited service.
- Early Retirement - Any member who has attained age 55 and has 20 years of credited service.
- Vested Retirement - Any member who has attained age 65 with 10 years of credited service and terminated membership before age 62.

All minimum service credit requirements exclude unused sick leave.

**APPLICATION FOR BENEFITS**

An application for retirement must be received in the Employees' Retirement System office or a neighbor island liaison office not more than 150 days before and not less than 30 days before the retirement date. Retirement must begin on the 1<sup>st</sup> day of a month or on the 1<sup>st</sup> or 31<sup>st</sup> of December. A member is restricted to filing three (3) service retirement applications. Retirement is mandatory on the date specified in the third application.

A choice of retirement option should be made at the time an application for retirement is filed. The retirement option can be changed prior to the effective date of retirement. Any option selection shall be irrevocable upon the effective date of retirement.

**RETIREMENT OPTIONS:**

- Maximum Allowance            The highest lifetime allowance and in the event of death, there is no further benefit payable.
- Option A  
(50% Survivor)                A reduced lifetime allowance for the retirant and in the event of death, the designated beneficiary will be paid one-half of the monthly allowance and any cumulative post-retirement increases for life. Should the designated beneficiary predecease the retirant, the retirant's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments terminate upon the death of the retirant.
- Option B  
(100% Survivor)               A reduced lifetime allowance for the retirant and in the event of death, the designated beneficiary will be paid the same monthly allowance plus any cumulative post-retirement increases for life. Should the designated beneficiary predecease the retirant, the retirant's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments terminate upon the death of the retirant.
- Option C  
(Ten Year  
Guarantee)                      A reduced lifetime allowance for the retirant and in the event of death within 10 years of retirement, the designated beneficiary is paid the same monthly allowance plus any cumulative post-retirement increases only for the balance of the 10-year period. Should the designated beneficiary predecease the retirant, another beneficiary can be named.

**BENEFITS PAYABLE IF DEATH OCCURS AFTER FILING A RETIREMENT APPLICATION OR WITHIN THE FIRST YEAR OF RETIREMENT**

Should death occur after filing an application or within the first year of retirement, the designated beneficiary may elect to receive the survivor benefit for the option selected by the member or the ordinary death benefit (Option B survivor benefit).

State of Hawaii  
**Employees' Retirement System**

***Choosing the Best Retirement Option for You  
(Noncontributory)***

Every family's financial circumstances differ, so we recommend that you consider the following factors when selecting the option that is best for you.

**Monthly Income**

- Can you live on your pension income?
- Do you have any other source of income besides your pension (e.g., Social Security, investment income or a part-time job or business)?

**Death Benefits**

- Do you need to provide for someone after your death (e.g., spouse, dependent children, parents or siblings)? Will there be adequate income for your spouse if you die first? Will your beneficiary be protected for your lifetime regardless which option you choose?
- What is your current health status?
- If you have a serious illness, consider Options A or B, which provide survivor benefits.
- If you are a younger member in good health, Option C may not be appropriate because of the likelihood that you will outlive the 10-year guaranteed period. However, if your beneficiary is older than you are or is not in good health, Option C provides flexibility in allowing changes in your beneficiary designation if your beneficiary predeceases you after you retire.
- For survivor options, the younger the beneficiary the lower the monthly pension.
- If your spouse has his/her own pension benefit, can he/she survive without your monthly pension if you should die first?
- Do you have sufficient life insurance if you choose an option without any death benefits? Are you still insurable considering your age and health?
- The Noncontributory Plan provides benefits if your death occurs within the first year of retirement.

**Post Retirement Increases**

- You will receive an increase of 2.5% each July 1 starting with the calendar year after your retirement date.
- This increase is based on your original monthly pension and is not compounded.
- The higher your monthly pension, the higher your post retirement increase in dollars.

**No Refund of Contributions**

- There are no refund options for the Noncontributory Plan since retirement contributions are not deducted from your salary.