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GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

Aloha!

Re: Retirement Application Packet and Disability Retirement

Congratulations on your planned retirement!

The Employees' Retirement System (ERS) has designed this packet to assist you in the successful completion of your process.

Below is the information we believe to be most relevant to your decision:

Service Retirement Packet

1. Forms

- Service Retirement Application (See instructions for completion)
- Tax Withholding Certificate for Pension or Annuity (IRS Form W4-P)
- Direct Deposit Agreement (ERS 210)
- Spousal/Civil Union Partner/Reciprocal Beneficiary Notification Form (ERS 182)
- Hybrid and Contributory Members Only: Direct Rollover Options (ERS-123) and Special Tax Notice Regarding Rollover Options (ERS Notice 402(f))

2. Informational Materials

- Features of Retirement Plan Options
- Choosing the Best Retirement Option for You
- 100% Joint & Survivor Retirement Option with Non-Spouse Beneficiary
- Return to Work (ERS-212)
- Map to ERS

Disability Retirement

The ERS has provisions for active members to file a disability retirement application if you have become permanently disabled due to a medical condition or work-related accident/injury. If this situation pertains to you, please call our office immediately on the eligibility and filing requirements or visit our website at ers.ehawaii.gov under Member>Disability as these options will not be available once you retire under normal retirement provisions.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas Williams", written over a circular stamp.

Thomas Williams
Executive Director

Encs.



Employees' Retirement System
of the State of Hawaii

City Financial Tower • 201 Merchant Street, Suite 1400 • Honolulu, Hawaii 96813-2980
Telephone (808) 586-1735 • Fax (808) 586-1677 • <http://ers.ehawaii.gov>

11/2016

Instructions for Completing Service Retirement Application

The following instructions will help you complete the Service Retirement Application - Form 18.

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. 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 1st day of a month or the 1st or 31st 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.

Position Title: Your position or job title.

Department/Division or School: 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.

Contact Phone Number: Provide the best phone number where the ERS can reach you during our business hours for any questions regarding your retirement benefits.

Home, Cellular Phone: Check appropriate box(s) for the contact phone number provided.

Email Address: Provide an email address for an optional method of contact.

II. RETIREMENT OPTIONS

Select your retirement plan and only one retirement option. Enclosed is the "Features of Retirement Plan Options" which provides an explanation of options available.

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. 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."

IV. SIGNATURE

You must sign the application in the presence of a Notary or an ERS representative.

REQUIRED DOCUMENTS

1. Government issued identification for verification of signature. Acceptable identification include:
 - Driver's license
 - State ID
 - Passport
 - Military ID

2. Proof of your birth date. In addition, you must provide verification of your beneficiary's birth date if you select a 50% or 100% Survivor Option which provides for a lifetime benefit for the designated beneficiary.

Acceptable documents include one of the original document listed below:

- 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 originals 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

Please contact our ERS Offices at any of the following locations if you need any further assistance.

Office Hours: 7:45 am – 4:30 pm (except holidays)

Oahu	City Financial Tower 201 Merchant Street , Ste. 1400 Validated Parking in the building	(808) 586-1735
Hawaii	101 Aupuni St., #208 Hilo, Hawaii 96720	(808) 974-4077 (808) 974-4000 Ext. 61735 (toll free to Oahu)
Kauai	3060 Eiwa St., #302 Lihue, Hawaii 96766	(808) 274-3010 (808) 274-3141 Ext. 61735 (toll free to Oahu)
Maui	54 S. High St., #218 Wailuku, Hawaii 96793	(808) 984-8181 (808) 984-2400 Ext. 61735 (toll free to Oahu)
Molokai/Lanai		1-800-468-4644 Ext. 61735 (toll free to Oahu)

Email: dbf.ers.sss@hawaii.gov

EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII
201 MERCHANT STREET, SUITE 1400, HONOLULU, HAWAII 96813-2980
Phone: (808) 586-1735 Fax: (808) 587-5766

SERVICE RETIREMENT APPLICATION

To the Board of Trustees: _____ Date _____, 20____
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 service retirement.

I. PERSONAL DATA: (Please print or type)

Name: _____ Social Security Number: _____

LAST FIRST MI
Mailing or 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 Title _____ Department/Division or School: _____

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

Contact Phone: _____ [] Home [] Cell [] Work Email Address: _____

II. RETIREMENT OPTIONS: I have read the information on selecting a retirement option and I select the following retirement option.

- | | | |
|----------------------------------|--|---------------------------------------|
| <input type="checkbox"/> HYBRID | <input type="checkbox"/> NONCONTRIBUTORY | <input type="checkbox"/> CONTRIBUTORY |
| ____ Maximum Allowance | ____ Maximum Allowance | ____ Maximum Allowance |
| ____ Option One | ____ Option A (50% Survivor) | ____ Option One |
| ____ Option Two (100% Survivor) | ____ Option B (100% Survivor) | ____ Option Two (100% Survivor) |
| ____ Option Three (50% Survivor) | ____ Option C (10-Yr Guarantee) | ____ Option Three (50% Survivor) |

Refund options below are only available to Hybrid/Contributory Members with at least 10 years of credited service.

____ Option Four (Five & ____ Refunds: ____ Pre-1987 ____ 50% ____ 75% (Contributory only) ____ Option Five (100% Refund)

III. BENEFICIARY DESIGNATION: A beneficiary must be designated for all options, however, only one beneficiary may be designated for Hybrid/Contributory options Two, Three, Four (5 & 2) and Four (5 & 3) and Noncontributory options A, B, or C. Multiple beneficiaries, a trust, or an estate may be designated for all other options.

Name: _____ Social Security Number: _____
LAST FIRST MI

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 _____

Notary Public Certification

Doc. Date: _____ No. of Pages: 1 Document Description: Service Retirement Application

Notary Name: _____ Circuit: _____ Affix your official seal

Notary Signature: _____ Date: _____

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980
808-586-1735

DIRECT DEPOSIT AGREEMENT

LAST Name:		SSN:
FIRST Name:		Middle Initial:
Mailing Address: __ Check here if new address		Day Phone:

Please read the instructions on the reverse side of this form before completing the Direct Deposit Agreement, ERS-210 form.

SECTION A –Account Information (May be completed by your financial institution for verification of information)

Pursuant to Section 88-91 Hawaii Revised Statutes, the Employees' Retirement System of the State of Hawaii (ERS) must directly deposit your pension into an account in your name. Entities such as Trust Accounts, Care Home Facilities, and Business Accounts cannot be used for ERS purposes.

Name(s) as it appears on your Account:	
Name of Financial Institution:	<input type="checkbox"/> Checking <input type="checkbox"/> Savings
Routing Number:	Direct Deposit (EFT) Account Number:
Financial Institution Certification (optional):	
Name of Agent: _____	Phone: _____
Signature: _____	Date: _____

SECTION B – Deposit Authorization and Agreement of All Account Holders

By signing this form, the account holder(s):

- Authorize the ERS to automatically and directly deposit your ERS pension to your account at the Financial Institution named above in Section A.
- Authorize the ERS to make withdrawals from your account in the event that the ERS benefits have been deposited to the account in error, e.g., overpayments.
- Consent to the disclosure by the Financial Institution to the ERS of any information that the ERS requests to effectuate, administer, or enforce the authorized transactions.
- Agree not to hold the ERS responsible for any delay or loss of funds due to incorrect or incomplete information supplied by you or by your Financial Institution or due to an error on the part of Financial Institution in depositing funds to the account.

Member's Signature : _____ **Date:** _____

Signatures (Joint Account Holder(s)): _____ **Date:** _____

Representative: If signing as Powers of Attorney (POA) Agent(s), Guardian, or Conservator, please check the box; and submit a copy of the document authorizing you to act in this capacity.

INSTRUCTIONS FOR DIRECT DEPOSIT AGREEMENT (FORM ERS-210)

Hawaii Revised Statutes Section 88-6(a)(2), requires all retirees and beneficiaries of the Employees' Retirement System of the State of Hawaii ("ERS") to designate a financial institution into which the ERS shall be authorized to deposit their ERS retirement benefits.

All portions of the Direct Deposit Agreement (Form ERS-210) must be completed in order for the form to be valid. In addition, if there is any alteration of this form, a new form must be completed. You must submit a new form if there are any changes to your account (i.e. account number, account title, financial institution). The most recently dated form submitted to ERS will apply.

Section A – Account Information

The retiree or beneficiary's name must appear on the account. ERS is required by law to deposit pension benefits into the retiree or beneficiary's account. Entities such as a Trust Account, Care Home Facility, and Business Accounts cannot be used for ERS purposes.

You may ask the representative of the financial institution to help complete and verify the account information in this section.

***IMPORTANT:** The account information provided will be used to direct deposit your ERS pension or refund. Incorrect information will cause a delay in your receiving your monies.*

Section B – Deposit Authorization and Agreements of All Account Holders

By signing the Direct Deposit Agreement, you and all account holders authorize the ERS to automatically and directly deposit your ERS benefits to the Financial Institution named in Section A.

This section contains the agreements of everybody who is on the account, including the ERS retiree or beneficiary. The agreements in this section apply to all Account Holders even if they are not the retiree or beneficiary receiving ERS benefits.

The retiree or beneficiary signs as primary account holder. If the account is a joint account, please have all account holder(s) sign the form. Use an additional sheet if necessary. If you are representing the retiree or beneficiary, please ensure that you have any authorizing document(s) attached to the Direct Deposit Agreement (Form ERS-210).

Forms should be returned to the ERS at:

Mailing Address: Employees' Retirement System
 201 Merchant Street, Suite 1400
 Honolulu, HI 96813-2980

If you have any questions, please contact the ERS at:

Oahu:	(808) 586-1735
Toll Free from neighbor islands:	1-(800) 468-4644 Ext. 61735
Toll Free from mainland:	1-(888) 659-0708

ERS Website: <http://www.ers.ehawaii.gov>

**Withholding Certificate for
 Pension or Annuity Payments**

2020

Future developments. For the latest information about any future developments related to Form W-4P, such as legislation enacted after it was published, go to www.irs.gov/FormW4P.

Purpose of form. 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 may also use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or for payments to U.S. citizens to be 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 2 and 3. Your previously filed Form W-4P will remain in effect if you don't file a Form W-4P for 2020.

General Instructions

Section references are to the Internal Revenue Code.

Follow these instructions to determine the number of withholding allowances you should claim for pension or annuity payment withholding for 2020 and any additional amount of tax to have withheld. Complete the worksheet(s) using the taxable amount of the payments.

If you don't want any federal income tax withheld (see *Purpose of form*, 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.

You can also use the estimator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider using this estimator if you have a more complicated tax situation, such as if you have more than one pension or annuity, a working spouse, or a large amount of income outside of your pensions. After your Form W-4P takes effect, you can also use this estimator to see how the amount of tax you're having withheld compares to your projected total tax for 2020. If you use the estimator, you don't need to complete any of the worksheets for Form W-4P.

Note that if you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty

unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return.

Filers with multiple pensions or more than one income. If you have more than one source of income subject to withholding (such as more than one pension or a pension and a job, or you're married filing jointly and your spouse is working), read all of the instructions, including the instructions for the Multiple Pensions/More-Than-One-Income Worksheet, before beginning.

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. Otherwise, you might owe additional tax. See Pub. 505, Tax Withholding and Estimated Tax, for more information. Get Form 1040-ES and Pub. 505 at www.irs.gov/FormsPubs. Or, you can use the Deductions, Adjustments, and Additional Income Worksheet on page 5 or the estimator at www.irs.gov/W4App to make sure you have enough tax withheld from your payments. If you have income from wages, see Pub. 505 or use the estimator at www.irs.gov/W4App 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 to be delivered outside the United States or its possessions; and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a designated Roth account or Roth IRA are nontaxable and, therefore, not subject to withholding. See page 3 for special withholding rules that apply to payments to be delivered outside the United States and payments to foreign persons.

----- Separate here and give Form W-4P to the payer of your pension or annuity. Keep the worksheet(s) for your records. -----

**Withholding Certificate for
 Pension or Annuity Payments**

2020

► For Privacy Act and Paperwork Reduction Act Notice, see page 6.

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. (Don't complete line 2 or 3.) ►
- 2 Total number of allowances and marital status you're claiming for withholding from each **periodic** pension or annuity payment. (You may also 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 can't enter an amount here without entering the number (including zero) of allowances on line 2.) ► \$

Your signature ►

Date ►

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* below.

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 using certain withholding tables that are also used to figure 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. You can't designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3.

If you don't 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 To Be Delivered Outside the United States* on page 3.

Caution: If you don't submit Form W-4P to your payer, the payer must withhold from periodic payments as if you're married claiming three withholding allowances. Generally, this means that tax will be withheld if the taxable amount of your pension or annuity is at least \$2,095 a month.

If you submit a Form W-4P that doesn't contain your correct social security number (SSN), the payer must withhold as if

you're 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 can't use Form W-4P because they're 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 tax-exempt organizations' deferred compensation plans described in section 457. 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 the taxable amount of nonperiodic payments (but see *Eligible rollover distribution—20% withholding* below) **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. However, see *Payments to Foreign Persons and Payments To Be Delivered Outside the United States* on page 3. Generally, your choice not to have federal income tax withheld will apply to any later payment from the same plan. You can't 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 doesn't contain your correct SSN, the payer can't 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) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a flat 20% federal withholding rate on the taxable amount of the distribution. The 20% withholding rate is required, and you can't choose not to have income tax withheld from eligible rollover distributions. Don't give Form W-4P to your payer unless you want an additional amount withheld. In that case, complete line 3 of Form W-4P and submit the form to your payer.

Note: The payer won't 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 401(k) plan, qualified pension plan, governmental section 457(b) plan, section 403(b) contract, or tax-sheltered annuity.

Distributions that are (a) required by federal law, (b) one of a specified series of equal payments, or (c) qualifying "hardship" distributions are **not** "eligible rollover distributions" and aren't subject to the mandatory 20% federal income tax withholding. See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* on page 2.

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, aren't 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 would've 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 2020 default rate (married with three allowances), write "Revoked" next to the checkbox on line 1 of the form. If you want tax withheld at a 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 the Form W-4P to your payer.

Payments to Foreign Persons and Payments To Be Delivered Outside the United States

Unless you're a nonresident alien, withholding (in the manner described above) is required on any periodic or nonperiodic payments that are to be delivered to you outside the United States or its possessions. Don't check the box 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 are generally 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 and Reporting, 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 February 1 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're 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.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 4 first to determine the number of withholding allowances to claim.

Line C. Head of household please note: Generally, you can claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 501 for more information about filing status.

Line D. Child tax credit. When you file your tax return, you may be eligible to claim a child tax credit for each of your eligible children. To qualify, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required SSN. To learn more about this credit, see Pub. 972, Child Tax Credit and Credit for Other Dependents. To reduce the tax withheld from your payments by taking this credit into account, follow the instructions on line D of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total income includes all of your pensions, wages, and other income, including income earned by a spouse if you're filing a joint return.

Line E. Credit for other dependents. When you file your tax return, you may be eligible to claim a credit for other dependents for whom a child tax credit can't be claimed, such as a qualifying child who does not meet the age or SSN requirement for the child tax credit, or a qualifying relative. To learn more about this credit, see Pub. 972. To reduce the tax withheld from your payments by taking this credit into account, follow the instructions on line E of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total income includes all of your pensions, wages, and other income, including income earned by a spouse if you're filing a joint return.

Line F. Other credits. You may be able to reduce the tax withheld from your payments if you expect to claim other tax credits, such as tax credits for education (discussed in Pub. 970). If you do so, your payments will be larger, but the amount of any refund that you receive when you file your tax return will be smaller. Follow the instructions for the worksheet for converting credits to allowances in Pub. 505 if you want to reduce your withholding by taking these credits into account. If you compute all your credits using that worksheet in Pub. 505, enter "-0-" on lines D and E.

Deductions, Adjustments, and Additional Income Worksheet

Complete this worksheet to determine if you're able to reduce the tax withheld from your pension or annuity payments to account for your itemized deductions and other adjustments to income, such as deductible IRA contributions. If you do so, your refund at the end of the year will be smaller, but your payments will be larger. You're not required to complete this worksheet or reduce your withholding if you don't wish to do so.

You can also use this worksheet to figure out how much to increase the tax withheld from your payments if you have a large amount of other income not subject to withholding, such as interest, dividends, or capital gains.

Another option is to take these items into account and make your withholding more accurate by using the estimator at www.irs.gov/W4App. If you use the estimator, you don't need to complete any of the worksheets for Form W-4P.

Multiple Pensions/More-Than-One-Income Worksheet

Complete this worksheet if you receive more than one pension, if you have a pension and a job, or if you're married filing jointly and have a working spouse or a spouse who receives a pension. If you don't complete this worksheet, you might have too little tax withheld. If so, you will generally owe tax when you file your tax return and may be subject to a penalty.

Use the Multiple Pensions/More-Than-One-Income Worksheet from only one Form W-4P to figure the number of allowances you're entitled to claim and any additional amount of tax to withhold from all pensions. If you (and/or your spouse if filing jointly) have two or more pensions, withholding will generally be more accurate if only the Form W-4P for the highest paying pension (a) claims any allowances after lines A through B in the Personal Allowances Worksheet or any allowances in the Deductions, Adjustments, and Additional Income Worksheet; and (b) uses the Multiple Pensions/More-Than-One-Income Worksheet. If you (and/or your spouse if filing jointly) have a pension and a job, withholding will generally be more accurate if the Form W-4P for the pension doesn't claim

any allowances after lines A through B in the Personal Allowances Worksheet or any allowances in the Deductions, Adjustments, and Additional Income Worksheet. However, you may need to use the Multiple Pensions/More-Than-One-Income Worksheet. If you (and/or your spouse if filing jointly) have more than one pension (or a pension and a job) and you need to complete a new Form W-4P or Form W-4 for a pension or a job, you (and/or your spouse) will generally get more accurate withholding by completing new Form(s) W-4P or Form(s) W-4 for all other pensions and jobs. See Pub. 505 for details.

Another option is to use the estimator at www.irs.gov/W4App to figure your withholding more precisely.

Personal Allowances Worksheet (Keep for your records.)

- A** Enter "2" for yourself **A** _____
- B** Enter "1" if you will file as married filing jointly **B** _____
- C** Enter "1" if you will file as head of household **C** _____
- D Child tax credit.** See Pub. 972 for more information.
 - If your total income will be less than \$72,351 (\$105,051 if married filing jointly), enter "4" for each eligible child.
 - If your total income will be from \$72,351 to \$181,950 (\$105,051 to \$351,400 if married filing jointly), enter "2" for each eligible child.
 - If your total income will be from \$181,951 to \$200,000 (\$351,401 to \$400,000 if married filing jointly), enter "1" for each eligible child.
 - If your total income will be higher than \$200,000 (\$400,000 if married filing jointly), enter "-0-" **D** _____
- E Credit for other dependents.** See Pub. 972 for more information.
 - If your total income will be less than \$72,351 (\$105,051 if married filing jointly), enter "1" for each eligible dependent.
 - If your total income will be from \$72,351 to \$181,950 (\$105,051 to \$351,400 if married filing jointly), enter "1" for every two dependents (for example, "-0-" for one dependent, "1" if you have two or three dependents, and "2" if you have four dependents).
 - If your total income will be higher than \$181,950 (\$351,400 if married filing jointly), enter "-0-" **E** _____
- F Other credits.** If you have other credits, see the worksheet for converting credits to allowances in Pub. 505 and enter the amount from that worksheet here. If you compute all your credits using that worksheet in Pub. 505, enter "-0-" on lines D and E **F** _____
- G** Add lines A through F and enter the total here **G** _____

For accuracy, complete all worksheets that apply.

- If you plan to **itemize** or **claim adjustments to income** and want to reduce your withholding, or if you have a large amount of other income not subject to withholding and want to increase your withholding, see the **Deductions, Adjustments, and Additional Income Worksheet** on page 5.
- If you **have more than one source of income subject to withholding** or are **married filing jointly and you and your spouse both have income subject to withholding** and your combined income from all sources exceeds \$13,000 (\$25,000 if married filing jointly), see the **Multiple Pensions/More-Than-One-Income Worksheet** on page 5 to avoid having too little tax withheld, or use the estimator for more accuracy.
- If **neither** of the above situations applies, **stop here** and enter the number from line G on line 2 of Form W-4P above.

Deductions, Adjustments, and Additional Income Worksheet

Note: Use this worksheet *only* if you plan to itemize deductions, claim certain adjustments to income, or have a large amount of other income not subject to withholding.

- 1 Enter an estimate of your 2020 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income. See Pub. 505 for details **1** \$ _____
- 2 Enter: { \$24,800 if you're married filing jointly or qualifying widow(er) }
 { \$18,650 if you're head of household }
 { \$12,400 if you're 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 2020 adjustments to income, qualified business income deduction, and any additional standard deduction for age or blindness. See Pub. 505 for information about these items **4** \$ _____
- 5 **Add** lines 3 and 4 and enter the total **5** \$ _____
- 6 Enter an estimate of your 2020 other income not subject to withholding (such as dividends, interest, or capital gains) **6** \$ _____
- 7 **Subtract** line 6 from line 5. If zero, enter "-0-". If less than zero, enter the amount in parentheses **7** \$ _____
- 8 **Divide** the amount on line 7 by \$4,300 and enter the result here. If a negative amount, enter in parentheses. Drop any fraction **8** _____
- 9 Enter the number from the **Personal Allowances Worksheet**, line G, on page 4 **9** _____
- 10 **Add** lines 8 and 9 and enter the total here. If zero or less, enter "-0-". If you plan to 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, on page 1 **10** _____

Multiple Pensions/More-Than-One-Income Worksheet

Note: Use this worksheet *only* if the instructions under line G from the **Personal Allowances Worksheet** 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 the **Personal Allowances Worksheet**, line G, on page 4 (or from line 10 above if you used the **Deductions, Adjustments, and Additional Income Worksheet**) **1** _____
- 2 Find the number in **Table 1** on page 6 that applies to the **LOWEST** paying pension or job and enter it here. However, if you're married filing jointly and the amount from the highest paying pension or job is \$75,000 or less and the combined amounts for you and your spouse are \$107,000 or less, do not enter more than "7" **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, on 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, on 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** on page 6 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 payments remaining in 2020. For example, divide by 8 if you're paid every month and you complete this form in April 2020. Enter the result here and on Form W-4P, line 3, on page 1. This is the additional amount to be withheld from each payment **9** \$ _____

Table 1

Married Filing Jointly		All Others	
If wages from LOWEST paying job or pension are—	Enter on line 2 above	If wages from LOWEST paying job or pension are—	Enter on line 2 above
\$0 - \$799	0	\$0 - \$799	0
800 - 5,100	1	800 - 5,100	1
5,101 - 9,400	2	5,101 - 9,400	2
9,401 - 13,700	3	9,401 - 13,700	3
13,701 - 18,000	4	13,701 - 22,000	4
18,001 - 22,300	5	22,001 - 27,500	5
22,301 - 26,600	6	27,501 - 32,000	6
26,601 - 35,000	7	32,001 - 40,000	7
35,001 - 40,000	8	40,001 - 60,000	8
40,001 - 46,000	9	60,001 - 75,000	9
46,001 - 55,000	10	75,001 - 85,000	10
55,001 - 60,000	11	85,001 - 95,000	11
60,001 - 70,000	12	95,001 - 100,000	12
70,001 - 75,000	13	100,001 - 110,000	13
75,001 - 85,000	14	110,001 - 115,000	14
85,001 - 95,000	15	115,001 - 125,000	15
95,001 - 125,000	16	125,001 - 135,000	16
125,001 - 155,000	17	135,001 - 145,000	17
155,001 - 165,000	18	145,001 - 160,000	18
165,001 - 175,000	19	160,001 - 180,000	19
175,001 - 180,000	20	180,001 and over	20
180,001 - 195,000	21		
195,001 - 205,000	22		
205,001 and over	23		

Table 2

Married Filing Jointly		All Others	
If wages from HIGHEST paying job or pension are—	Enter on line 7 above	If wages from HIGHEST paying job or pension are—	Enter on line 7 above
\$0 - \$25,350	\$430	\$0 - \$7,375	\$430
25,351 - 85,850	520	7,376 - 37,625	520
85,851 - 176,650	950	37,626 - 83,025	950
176,651 - 332,200	1,030	83,026 - 160,800	1,030
332,201 - 420,300	1,380	160,801 - 204,850	1,380
420,301 - 627,650	1,510	204,851 - 515,900	1,510
627,651 and over	1,590	515,901 and over	1,590

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: _____

FEATURES OF RETIREMENT PLAN OPTIONS

HYBRID	CONTRIBUTORY	NONCONTRIBUTORY
<p>Maximum Allowance</p> <p>The highest lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid the difference between the value of the retiree's contributions at the time of retirement and the retirement allowance paid prior to death.</p>	<p>Maximum Allowance</p> <p>The highest lifetime allowance and in the event of death, there is no further benefit payable.</p>	<p>Maximum Allowance</p> <p>The highest lifetime allowance and in the event of death, there is no further benefit payable.</p>
<p>Option One</p> <p>A reduced lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid the difference between the initial insurance reserve and the retirement allowance paid prior to death.</p>	<p>Option A</p> <p>A reduced lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid one-half of the monthly allowance plus any cumulative post retirement increases for life. Should the designated beneficiary predecease the retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	<p>Option A</p> <p>A reduced lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid one-half of the monthly allowance plus any cumulative post retirement increases for life. Should the designated beneficiary predecease the retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>
<p>Option Two (100% Survivor)</p> <p>A reduced lifetime pension for the retiree 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 retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	<p>Option B</p> <p>A reduced lifetime pension for the retiree 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 retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	<p>Option B</p> <p>A reduced lifetime pension for the retiree 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 retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>
<p>Option Three (50% Survivor)</p> <p>A reduced lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid one-half of the monthly allowance plus any cumulative post retirement increases for life. Should the designated beneficiary predecease the retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	<p>Option C</p> <p>A reduced lifetime allowance for the retiree 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 retiree, another beneficiary can be named.</p>	<p>Option C</p> <p>A reduced lifetime allowance for the retiree 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 retiree, another beneficiary can be named.</p>
<p>Option Five</p> <p>A refund of all accumulated contributions (including interest) as well as a reduced lifetime monthly pension provided by the government's contributions. In the event of death, there are no beneficiary benefits.</p>	<p>Option Five</p> <p>A refund of all accumulated contributions (including interest) as well as a reduced lifetime monthly pension provided by the government's contributions. In the event of death, there are no beneficiary benefits.</p>	<p>Option Five</p> <p>A refund of all accumulated contributions (including interest) as well as a reduced lifetime monthly pension provided by the government's contributions. In the event of death, there are no beneficiary benefits.</p>
HYBRID	CONTRIBUTORY	
<p>Option Four (Five & Maximum)</p> <p>Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of the Maximum Allowance, in the event of the retiree's death, the designated beneficiary will be paid the difference between the value of the retiree's contributions at the time of retirement and the retirement allowance paid prior to death.</p>	<p>Option Four (Five & Maximum)</p> <p>Withdrawal of the nontaxable pre-1987 contributions, or 50%, or 75% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of the Maximum Allowance, in the event of the retiree's death, the designated beneficiary will be paid the difference between the value of the retiree's contributions at the time of retirement and the retirement allowance paid prior to death.</p>	<p>Option Four (Five & Maximum)</p> <p>Withdrawal of the nontaxable pre-1987 contributions, or 50%, or 75% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of the Maximum Allowance, in the event of the retiree's death, the designated beneficiary will be paid the difference between the value of the retiree's contributions at the time of retirement and the retirement allowance paid prior to death.</p>

FEATURES OF RETIREMENT PLAN OPTIONS

HYBRID	CONTRIBUTORY	
<p>Option Four (Five & One)</p> <p>Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option One, in the event of the retiree's death, the designated beneficiary will be paid the difference between the initial reserve and the retirement allowance paid prior to death.</p>	<p>Option Four (Five & One)</p> <p>Withdrawal of the nontaxable pre-1987 contributions, or 50%, or 75% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option One, in the event of the retiree's death, the designated beneficiary will be paid the difference between the initial reserve and the retirement allowance paid prior to death.</p>	
<p>Option Four (Five & Two) (100% Survivor)</p> <p>Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option Two, in the event of the retiree's 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 retiree, the retiree's reduced pension converts to the corresponding Option Four variation of the Maximum Allowance with the same refund amount. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	<p>Option Four (Five & Two) (100% Survivor)</p> <p>Withdrawal of the nontaxable pre-1987 contributions, or 50%, or 75% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option Two, in the event of the retiree's 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 retiree, the retiree's reduced pension converts to the corresponding Option Four variation of the Maximum Allowance with the same refund amount. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	
<p>Option Four (Five & Three) (50% Survivor)</p> <p>Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option Three, in the event of the retiree's 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 retiree, the retiree's reduced pension converts to the corresponding Option Four variation of the Maximum Allowance with the same refund amount. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	<p>Option Four (Five & Three) (50% Survivor)</p> <p>Withdrawal of the nontaxable pre-1987 contributions, or 50%, or 75% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option Three, in the event of the retiree's 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 retiree, the retiree's reduced pension converts to the corresponding Option Four variation of the Maximum Allowance with the same refund amount. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.</p>	
<p>BENEFITS PAYABLE IF DEATH OCCURS AFTER FILING A RETIREMENT APPLICATION OR WITHIN THE FIRST YEAR OF RETIREMENT</p> <p>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.</p>		
<p>Note: The retirement option can be changed PRIOR to the retirement date. No changes to the option are allowed AFTER the date of retirement.</p>		

**State of Hawaii
Employees' Retirement System**

Choosing the Best Retirement Option for You

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

A. 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)?

B. 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 survivor options.
- (Contributory or Hybrid Plan members) If you are a younger member in good health, Option 1 may not be appropriate because of the likelihood that you will outlive the insurance reserve (approximately 10 to 13 years). However, if your beneficiary is older than you are or is not in good health, Option 1 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 Contributory, Hybrid, and Noncontributory Plans provides benefits if your death occurs within the first year of retirement.

C. Refund of Contributions (Hybrid and Contributory Plan members only)

- The more you withdraw, the less your monthly pension will be.
- Do you want/need a lump sum refund of your contributions?
- Do you want to take advantage of the nontaxable feature?
- Are you willing to pay the additional federal taxes if you withdraw more than your nontaxable portion? If not, consider a rollover of your refund into an IRA account or qualified employer plan.
- Will you be in a higher tax bracket with the additional taxable contributions added to your current salary (in the year you retire)?
- If a taxable refund option is selected, the estimated initial taxable refund payment or rollover amount is the balance in your account at the time the payment is made. The final balance of the taxable refund will be made or rolled over to your IRA account or qualified employer plan when your pension is finalized.
- Do you have long range plans for your refund? Can you manage your investments wisely (or would you rather leave your contributions in for a higher monthly pension and leave the investment risks to the ERS)?

D. Post Retirement Increases

- You will receive an increase of 2.5% (membership dates prior to July 1, 2012) or 1.5% (membership dates after June 30, 2012) 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.

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.

Employees' Retirement System (ERS)
RETIRANT RETURNING TO WORK

If you are an ERS retireant considering returning to State or County employment, please review and consider the following information:

Position Type	Required Break	Impact to Pension	Notes
Non ERS Membership	6 months	None. Pension will continue if employed after the required break fulfilled.	Examples of positions: Temporary, less than 50% FTE, substitute teaching, etc.
Difficult to Fill or Labor Shortage	12 months	None. Pension will continue if employed after the required break fulfilled.	These positions must meet the criteria designated by the Director of Human Resource or Human Resource Management Chief Executive of the appropriate jurisdiction. In addition, an annual report detailing the employment of the number of retirees in these difficult to fill or labor shortage positions must be submitted to the Legislature.
ERS Membership	n/a	Pension suspended until employment ends.	Retireants will be re-enrolled in their previous retirement plan. Additional benefits accrued under re-employment will be "tacked-on" to the previous pension. Note: Pensions with benefit limitations still apply to this employment period.

State employers include, and are not limited to, the State executive branch, the University of Hawaii, the Research Corporation at the University of Hawaii, the Hawaii Health Systems Corporation, the Department of Education, the Office of Hawaiian Affairs, the Judiciary, the Legislative branch of the State. County employers include the City and County of Honolulu and the Counties of Hawaii, Kauai, and Maui.

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
EMPLOYEES' RETIREMENT SYSTEM OFFICE LOCATIONS

Below are our office locations on all islands and parking instructions.

The Employees' Retirement System (ERS) Oahu is located in the City Financial Tower (CFT). The main entrance into the building is on Merchant Street. Validated parking is available with the ERS after your appointment.

OAHU

City Financial Tower
201 Merchant Street, Suite 1400,
Honolulu HI 96813
Phone: (808) 586-1735
Fax: (808) 587-5766



DRIVING INSTRUCTIONS FROM THE WEST

- Take H-201 East.
- Take Exit 21B Punchbowl Street. Keep right to take Punchbowl Street ramp and merge onto Punchbowl Street.
- Turn right onto South Beretania Street. Stay in far left lane.
- Take first left onto Richards Street, which is a one-way street going towards the ocean. Stay in left lane. Cross Hotel Street. Stay in far right lane.
- Cross King Street then Merchant Street
- Parking entrance to our building - CFT will be on the right hand side past the CFT Loading Dock, across from the US Post Office on Richards Street.

DRIVING INSTRUCTIONS FROM THE EAST

- Take H1 West.
- Take exit 22 Vineyard Boulevard.
- Take first left onto Punchbowl Street. Stay in far right lane.
- Turn right onto South Beretania Street. Stay in far left lane.
- Take first left onto Richards Street, which is a one-way street going towards the ocean. Stay in left lane. Cross Hotel Street. Stay in far right lane.
- Cross King Street then Merchant Street.
- Parking entrance to our building - CFT will be on the right hand side past the CFT Loading Dock, across from the US Post Office on Richards Street.

PARKING INSTRUCTIONS:

- Enter the CFT parking garage and park on Level P3.
- Take the parking elevator down to the lobby and take the building elevator to ERS on the 14th floor.

HAWAII

Hilo Lagoon Centre (Lobby Level)

101 Aupuni Street, Suite 208

Hilo, Hawaii 96720

Phone: (808) 974-4077

Fax: (808) 974-4078

PARKING:

- “Visitors & Customer Only” parking spaces available



Maui

State Office Building #1

54 S. High Street, Room 218

Wailuku, Hawaii 96793

Phone: (808) 984-8181

Fax: (808) 984-8183

PARKING:

- 2 hour free parking on Wells Street, Main Street, and High Street; or
- Metered parking available



Kauai

Lihue State Office Building

3060 Eiwa Street, Room 302

Lihue, Hawaii 96766

Phone: (808) 274-3010

Fax: (808) 241-3193

PARKING:

- Metered parking available



Instructions for Completing Form EC&B-123B: Direct Rollover Options

Complete Form EC&B-123B if you are receiving a payment from the Employees' Retirement System ("ERS") that is eligible for rollover. Generally, the only payments that are eligible for rollover are: (1) a one-time payment to you or your beneficiary that represents a refund of your own contributions, (2) a one-time payment made in connection with an ordinary death benefit for a Contributory Plan member, or (3) a lump-sum death benefit paid in connection with retirement Option 1.

Before completing this Form, please read the enclosed Special Tax Notice Regarding Rollover Options, which explains your rollover rights and limitations on such rights. This Form directs the ERS what to do with a payment that is eligible for rollover. Generally, you have three choices:

1. **NO DIRECT ROLLOVER.** Choose this option if you do not want any amount to be directly rolled over to an IRA or a qualified employer plan. The full amount that is eligible for rollover will be paid to you. The taxable portion will be taxable to you in the year distributed. Also, federal law mandates that at least 20% of the taxable amount be withheld for federal income taxes. You may also be subject to an early distribution penalty if you are under age 59½ (unless an exception applies). If you choose this option, you may still do a traditional 60-day rollover. Please see page 2 of the Special Tax Notice Regarding Rollover Options.
2. **FULL DIRECT ROLLOVER.** Choose this option if you want the full amount of the eligible rollover payment to be rolled over in a direct rollover to a qualified employer plan or IRA designated by you. No amount will be paid to you and no amount will be taxable to you until later distributed from the qualified employer plan or IRA to which the direct rollover is made.
3. **PARTIAL DIRECT ROLLOVER.** Choose this option if you want to roll over some but not all of the eligible rollover payment. The taxable portion of the payment made to you will be taxable to you in the year distributed. Also, federal law mandates that at least 20% of the taxable amount be withheld for federal income taxes. You may also be subject to an early distribution penalty if you are under age 59½ (unless an exception applies).

Special Note for Nonspouse Beneficiaries

Effective July 1, 2010, if you are a nonspouse beneficiary and you receive an eligible rollover payment, you will be able to do a direct rollover to an inherited IRA (which may be either a traditional IRA or a Roth IRA). Please see page 5 of the Special Tax Notice Regarding Rollover Options.

Because each person's situation may be different, you should consult with a qualified tax advisor with regard to your specific situation.

EMPLOYEES' RETIREMENT SYSTEM
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980

DIRECT ROLLOVER OPTIONS
(For use by Contributory and Hybrid Plan Members)

Name: _____ S. S. No.: _____ Retirement Date: _____

The following chart is provided for your use in retirement planning.

Estimated Taxable Portion of Eligible Rollover Payment		Estimated Nontaxable Portion of Eligible Rollover Payment	
1) Pre-Tax Contributions	\$ _____	1) After-Tax Contributions	\$ _____
2) Regular Interest on Pre-Tax and After-Tax Contributions	+ _____		
3) Total	= \$ _____	2) Total	= \$ _____

SELECT ONLY ONE OF THE FOLLOWING:

1. _____ NO DIRECT ROLLOVER
I do not want to do a direct rollover of any portion of my eligible rollover payment. Please pay the entire amount to me. By federal law, at least 20% of the taxable portion that is not directly rolled over must be withheld for federal income taxes. Therefore, please withhold: _____% (must be at least 20%) of the taxable portion of my eligible rollover payment.
(Note: 20% will be withheld if no percentage is indicated above or if the percentage is less than 20%.)
2. _____ FULL DIRECT ROLLOVER (Including After-Tax Contributions)
I want to do a direct rollover of the entire eligible rollover payment to the institution listed below.
3. _____ PARTIAL DIRECT ROLLOVER
Please pay directly to me \$ _____ of the amount that I am eligible to roll over. I want to directly roll over to the institution listed below the remaining balance of my eligible rollover payment. By federal law, at least 20% of the taxable portion that is not directly rolled over must be withheld for federal income taxes. Therefore, please withhold: _____% (must be at least 20%) of the taxable portion of my eligible rollover payment that is not directly rolled over.
(Note: 20% will be withheld if no percentage is indicated above or if the percentage is less than 20%.)

Read and Initial Regarding Making a Direct Rollover of After-Tax Contributions to a Qualified Employer Plan (QEP)

_____ I understand and acknowledge that if I am doing a direct rollover of after-tax contributions to a qualified employer plan (which may not include a governmental section 457(b) plan), the receiving plan must separately account for the after-tax contributions rolled over. I have confirmed with the administrator of the receiving qualified employer plan that the receiving plan will separately account for the after-tax contributions.

Qualified Employer Plan or IRA to Which Direct Rollover Will Be Made:

Institution Name _____

Address 1 _____

Address 2 _____

Address 3 _____

City _____

State _____

Zip _____

Phone Number _____

Acct No _____

Select Plan Type (from the following):

____ Traditional IRA ____ Roth IRA

____ Qualified Employer Plan-(QEP)

If a QEP, is this a governmental section 457(b) plan? ____ YES ____ No

The rollover check will be mailed to the institution shown above. I understand that I must return this form before my retirement date in order for the ERS to complete the rollover as part of my retirement.

Signature _____

Date _____

Phone _____

Representative: If signing as Powers of Attorney Agent(s), Guardian, or Conservator, please check the box; and submit a copy of the document authorizing you to act in this capacity.



STATE OF HAWAII EMPLOYEES' RETIREMENT SYSTEM

SPECIAL TAX NOTICE REGARDING ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are eligible to receive from the Employees' Retirement System of the State of Hawaii (the "ERS") may be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments that are eligible for rollover are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

What part of my benefits may I roll over?

Most payments from the ERS are not eligible for rollover. For example, monthly annuity payments and required minimum distributions after age 70½ (or after your death) are not eligible for rollover. You should complete IRS Form W-4P, "Withholding Certificate for Pension or Annuity Payments," to elect the federal income tax withholding that will apply to monthly annuity payments.

Generally, the only payments from the ERS that are eligible for rollover are: (1) one-time payments that represent a refund or partial refund of your own contributions (e.g., a refund or partial refund of your accumulated contributions or a distribution of your hypothetical account balance), (2) one-time payments made in connection with ordinary death benefits for Contributory Plan members, and (3) lump-sum death benefits paid to a member's beneficiary as part of retirement Option 1.

The ERS can tell you whether a payment is eligible for rollover.

How can a rollover affect my taxes?

You will be subject to federal income tax on any distribution that is eligible for rollover if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later, and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, such as a profit-sharing or 401(k) plan, a section 403(b) plan, or a governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer

plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs, and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the ERS will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor (usually a financial institution) or the administrator of the employer plan for information on how to do a direct rollover. Also, you must complete the enclosed Form EC&B-123B.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the ERS is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the ERS (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the ERS:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation.
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) (e.g., monthly annuity payments).
- Payments made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation. (Generally, for this purpose, a "public safety employee" is a State or County employee who provides police protection, firefighting services, or emergency medical services.)
- Payments made due to disability.
- Payments after your death.
- Corrective distributions of contributions that exceed tax law limitations.
- Payments made directly to the federal government to satisfy a federal tax levy.
- Payments up to the amount of your deductible medical expenses.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from the ERS. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55 (or after age 50 if you are a public safety employee).
- A special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse.
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There is an exception for certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

As of December 31, 2009, distributions from the ERS are not subject to State of Hawaii income tax. However, the laws affecting the taxation of distributions may change. Please consult with a qualified tax advisor prior to completing your retirement election forms.

If you are a resident of or domiciled in another state, you should consult the tax authorities in that state as to the state income taxation of your pension benefits.

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). You should consult with your own tax advisor regarding rollovers of after-tax amounts and distributions of after-tax amounts in connection with rollovers of pre-tax amounts.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must submit a private letter ruling request to the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936, and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you roll over your payment to a Roth IRA

You can roll over a payment from the ERS to a Roth IRA. Prior to January 1, 2010, you could make a rollover to a Roth IRA only if your modified adjusted gross income was not more than \$100,000 for the year the payment was made to you and, if you were married, you filed a joint return. These limitations do not apply to payments made to you from the ERS after 2009.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the ERS during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the ERS to a designated Roth account in an employer plan.

If you are not an ERS member

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions does not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the member was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the ERS as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the ERS, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½.

If you are a surviving beneficiary other than a spouse. Effective July 1, 2010, if you receive a payment from the ERS because of the member's death and you are a designated beneficiary other than a surviving spouse, you will be able to do a direct rollover to an inherited IRA. This is the only rollover option that you will have. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the ERS is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the ERS), the ERS is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

The ERS encourages you to consult a professional tax advisor before taking a payment from the ERS. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.