



Employees' Retirement System
of the State of Hawaii

Updated, new Federal Tax Withholding Forms

Posted: December 8, 2022

The Employees' Retirement System has posted updated IRS federal tax withholding forms on its website that will affect new retirees and others receiving taxable ERS payments starting in 2023.

Monthly ERS pension payments

[Click here for link to W4-P with instructions & FAQs](#)

The IRS released an updated Form W-4P 2022 (*Withholding Certificate for Periodic Pension or Annuity Payments*) that includes substantial changes to the federal tax withholding elections available, as well as changes to the calculation the ERS performs to determine the amount to be withheld. ERS pensions, with few exceptions, are federally taxable income.

For current pensioners and those receiving their first payments in January 2023, there is no action needed unless a federal tax withholding change is being requested. Those who submitted a W-4P 2021 form for February 2023 payments and after will be sent a new form to complete.

Form W-4P, which includes instructions from the IRS and an FAQ from ERS, is available for download as part of the [ERS Retirement Application Packet](#) and [a standalone form](#).

Nonperiodic Payments and Eligible Rollover Distributions

[Click here for link to W4-R, instructions & FAQs](#)

The IRS released Form W-4R 2022 (*Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions*), a new form used to assign a withholding rate for nonperiodic and eligible rollover distributions.

Eligible rollover distributions are part of a pension payment when the retiree selects a retirement option with a refund (Contributory and Hybrid) or when an ERS member chooses to withdraw their accumulated contributions after termination of service.

For eligible rollover distributions, the mandatory minimum withholding is 20% of the taxable gross of the amount that is not directly rolled over to another qualified plan. Form W-4R is used when more than the minimum (20%) withholding is requested. It is available in the [ERS Retirement Application Packet](#) and will be sent to former members requesting a refund of their accumulated contributions after termination. Please refer to the [ERS Notice 402\(f\) Special Tax Notice Regarding Rollover Options](#) for more information on receiving a rollover eligible payment.

For other nonperiodic payments, Form W-4R will be sent to you. The default withholding is 10%.

The ERS does not offer tax advice. Consult a tax professional to discuss the impact of tax withholdings on your benefit payment.