

Employees' Retirement System of the State of Hawaii
Excess Pension Costs - Calculations Legend

	Item in file	Description	Reference
1	Pension No2	ERS Internal Retirement application number	
2	Member SSN		
3	Member Name		
4	Plan	Membership class at retirement	
5	Date	Date calculated	
6	AFC Non Base Ratio	Average final compensation, non-base pay divided by base pay	$f = c / b$ (Test 1 - Excess cost poss if > 10%)
7	Comp Period Non Base Ratio	Comparison period, non-base pay divided by base pay	$g = e / d$
8	Final Non Base Ratio	Ratio of Non Base ratios (AFC / Comparison)	$h = f / g$ (Test 2 - Excess cost occurs if > 120%)
9	Limited AFC	AFC based on base pay only	$j = b \times (1+g)$
10	Actual Max All	ERS Maximum Allowance based on AFC x years of service x benefit multiplier (as adjusted for contribution deficiency)	$k = a \times \text{yrs service} \times \text{benefit multiplier}$ (as adjusted for deficiency)
11	Deficiency Adj	Adjustment to retirement benefits for deficiency in member contributions not made by member	
12	Limited Max All	ERS Maximum Allowance based on Limited AFC x years of service x benefit multiplier (as adjusted for contribution deficiency)	$m = j \times \text{yrs service} \times \text{benefit multiplier}$ (as adjusted for deficiency)
13	Excess Maximum	Excess cost of ERS pension benefit at retirement [(Actual Max All less Limited Max All) x Present value factor]	$n = (k - m) \times p$
14	APV	Present value of Excess Maximum retirement benefits expected to be paid at retirement date (factor table is based on age, employment group and sex).	p
15	Excess Maximum Difference	If benefit recalculated, difference (+/-) from previous amount billed to employer	
16	Last Worked Employer	Last employer	
17	Last Worked Billing	ERS billing location for employer (sub-group of employer)	
18	Pay No	Pay number reported by last employer	
19	Employment Group	Employment group for this calculation	
20	AFC	Average final compensation (i.e. high 3 years of salary)	a (or $a = b + c$)
21	AFC Avg. Base	Base pay included in AFC	b
22	AFC Avg. Non Base	Non-base pay included in AFC	c
23	Comp. Period Avg. Base	Base pay during last 10 years of employment (not covered by AFC)	d
24	Comp. Period Avg. Non Base	Non-base pay during last 10 years of employment (not covered by AFC)	e

Notes

Excess pension costs occur when [Test 1] (f) AFC Non Base Ratio is more than 10% AND [Test 2] (h) Final Non Base Ratio is more than 120%.

Descriptions above are meant to assist user of this spreadsheet to understand the excess pension cost calculation.

Refer to Chapter 88, HRS for legal definition.