

## EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII

### Notice to Employers re: Federal Tax Limit on Pension Compensation

This notice is to inform you that federal tax law limits the amount of annual compensation that may be used to calculate contributions to and benefits paid from the Employees' Retirement System of the State of Hawaii (the "ERS"). When employers negotiate employment with new employees who will earn in excess of the federal tax limits, the employers should tell the new employees (and any contract should specify) that pension benefits will be limited in accordance with federal tax law.

The federal tax limits were first effective with respect to the ERS on July 1, 1996.

<u>Year</u>	<u>Federal Tax Limit on Pension Compensation</u>
2000	\$170,000
2001	\$170,000
2002	\$200,000
2003	\$200,000
2004	\$205,000
2005	\$210,000
2006	\$220,000
2007	\$225,000
2008	\$230,000
2009	\$245,000
2010	\$245,000
2011	\$245,000
2012	\$250,000

The limits are subject to further increase with the cost of living.

If an employee earns in excess of the federal tax limit in a 12-month period, the federal tax limit will apply in two ways: (1) to limit any employee contributions to the ERS and (2) to limit the benefits payable from the ERS.