
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the current method
2 of providing post retirement allowance increases is grossly
3 inadequate for countering the negative effects of inflation on
4 pensions. The legislature further finds that proposals for
5 changes to the current post retirement allowance increase
6 calculation have met with resistance from the employees'
7 retirement system, due to concerns over the increase in unfunded
8 liability which will be created and the possibility of
9 compromising the employees' retirement system's tax-exempt
10 status. Therefore, the legislature determines that the
11 employees' retirement system is the appropriate entity to
12 explore and analyze viable options for new formulas for
13 calculating increases to the post retirement allowance.

14 The purpose of this Act is to appropriate funds to the
15 employees' retirement system to conduct a study of possible
16 options for calculating increases to the post retirement
17 allowance to provide more money to retirees, particularly those
18 who have been retired for a greater number of years.



1 SECTION 2. There is appropriated out of the employees'
2 retirement system's investment earnings the sum of \$,
3 or so much thereof as may be necessary for fiscal year
4 2006-2007, for the employees' retirement system to conduct a
5 study to provide post retirement allowance increases to members.
6 The employees' retirement system shall provide to the
7 legislature a report, no later than twenty days prior to the
8 convening of the regular session of 2007, on its study to
9 provide a new post retirement allowance increase calculation
10 that is favorable to retirees, especially those who have been
11 retired for a greater number of years.

12 SECTION 3. The sum appropriated shall be expended by the
13 employees' retirement system for the purposes of this Act.

14 SECTION 4. This Act shall take effect on July 1, 2006.

Report Title:

ERS; Post Retirement Allowance; Increase; Appropriation

Description:

Appropriates funds, out of the ERS's investment earnings, to the ERS to conduct a study for a formula to allow for automatic post retirement allowance increases. (SD1)

