

JAN 25 2006

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. Section 88-74, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§88-74 Allowance on service retirement.** Upon retirement
4 from service, a member shall receive a maximum retirement
5 allowance as follows:

6 (1) If the member has attained age fifty-five, a
7 retirement allowance of two per cent of the member's
8 average final compensation multiplied by the total
9 number of years of the member's credited service as a
10 class A and B member, excluding any credited service
11 as a judge, elective officer, or legislative officer,
12 plus a retirement allowance of one and one-fourth
13 per cent of the member's average final compensation
14 multiplied by the total number of years of prior
15 credited service as a class C member, plus a
16 retirement allowance of two per cent of the member's
17 average final compensation multiplied by the total



1 number of years of prior credited service as a class H
2 member; provided that:

3 (A) After June 30, 1968, if the member has at least
4 ten years of credited service of which the last
5 five or more years prior to retirement is
6 credited service as a firefighter, police
7 officer, or an investigator of the department of
8 the prosecuting attorney;

9 (B) After June 30, 1977, if the member has at least
10 ten years of credited service of which the last
11 five or more years prior to retirement is
12 credited service as a corrections officer;

13 (C) After June 16, 1981, if the member has at least
14 ten years of credited service of which the last
15 five or more years prior to retirement is
16 credited service as an investigator of the
17 department of the attorney general;

18 (D) After June 30, 1989, if the member has at least
19 ten years of credited service of which the last
20 five or more years prior to retirement is
21 credited service as a narcotics enforcement
22 investigator;



1 (E) After December 31, 1993, if the member has at
2 least ten years of credited service of which the
3 last five or more years prior to retirement is
4 credited service as a water safety officer;

5 (F) After June 30, 1994, if the member has at least
6 ten years of credited service, of which the last
7 five or more years prior to retirement are
8 credited service as a public safety
9 investigations staff investigator;

10 (G) After June 30, 2002, if the member:

11 (i) Has at least ten years of credited service
12 as a firefighter;

13 (ii) Is deemed permanently medically disqualified
14 due to a service related disability to be a
15 firefighter by the employer's physician; and

16 (iii) Continues employment in a class A or B
17 position other than a firefighter; and

18 (H) After June 30, 2004, if the member:

19 (i) Has at least ten years of credited service
20 as a police officer;

21 (ii) Is deemed permanently medically disqualified
22 due to a service related disability to be a



1 police officer by the employer's physician;
2 and
3 (iii) Continues employment in a class A or B
4 position other than a police officer;
5 then for each year of service as a firefighter, police
6 officer, corrections officer, investigator of the
7 department of the prosecuting attorney, investigator
8 of the department of the attorney general, narcotics
9 enforcement investigator, water safety officer, or
10 public safety investigations staff investigator, the
11 retirement allowance shall be two and one-half
12 per cent of the member's average final compensation.
13 The maximum retirement allowance for those members
14 shall not exceed eighty per cent of the member's
15 average final compensation. If the member has not
16 attained age fifty-five, the member's retirement
17 allowance shall be computed as though the member had
18 attained age fifty-five, reduced in accordance with
19 factors of actuarial equivalence adopted by the board
20 upon the advice of the actuary; provided that no
21 reduction shall be made if the member has at least
22 twenty-five years of credited service [~~as a~~

1 ~~firefighter, police officer, corrections officer,~~
2 ~~investigator of the department of the prosecuting~~
3 ~~attorney, investigator of the department of the~~
4 ~~attorney general, narcotics enforcement investigator,~~
5 ~~public safety investigations staff investigator, sewer~~
6 ~~worker, or water safety officer, of which the last~~
7 ~~five or more years prior to retirement is credited~~
8 ~~service in such capacities];~~

9 (2) If the member has made voluntary additional
10 contributions for the purchase of an additional
11 annuity and has not applied for a refund as permitted
12 by section 88-72, the member may accept the refund at
13 the time of retirement or, in lieu thereof, receive in
14 addition to the retirement allowance provided in
15 paragraph (1), an annuity that is the actuarial
16 equivalent of the additional contributions with
17 regular interest;

18 (3) If the member has credited service as a judge, the
19 member's retirement allowance shall be computed on the
20 following basis:

21 (A) For a member who has credited service as a judge
22 before July 1, 1999, irrespective of age, for

1 each year of credited service as a judge, three
2 and one-half per cent of the member's average
3 final compensation in addition to an annuity that
4 is the actuarial equivalent of the member's
5 accumulated contributions allocable to the period
6 of such service; and

7 (B) For a member who first earned credited service as
8 a judge after June 30, 1999, for each year of
9 credited service as a judge, three and one-half
10 per cent of the member's average final
11 compensation in addition to an annuity that is
12 the actuarial equivalent of the member's
13 accumulated contributions allocable to the period
14 of such service. If the member has not attained
15 age fifty-five, the member's retirement allowance
16 shall be computed as though the member had
17 attained age fifty-five, reduced in accordance
18 with factors of actuarial equivalence adopted by
19 the board upon the advice of the actuary; or

20 (C) For a judge with other credited service, as
21 provided in paragraphs (1) and (2). If the
22 member has not attained age fifty-five, the



1 member's retirement allowance shall be computed
2 as though the member had attained age fifty-five,
3 reduced in accordance with factors of actuarial
4 equivalence adopted by the board upon the advice
5 of the actuary; or

6 (D) For a judge with credited service as an elective
7 officer or as a legislative officer, as provided
8 in paragraph (4).

9 No allowance shall exceed seventy-five per cent of the
10 member's average final compensation. If the allowance
11 exceeds this limit, it shall be adjusted by reducing
12 the annuity included in subparagraphs (A) and (B) and
13 the portion of the accumulated contributions specified
14 in the subparagraphs in excess of the requirements of
15 the reduced annuity shall be returned to the member.

16 The allowance for judges under this paragraph,
17 together with the retirement allowance provided by the
18 federal government for similar service, shall in no
19 case exceed seventy-five per cent of the member's
20 average final compensation; or

21 (4) If the member has credited service as an elective
22 officer or as a legislative officer, the member's



1 retirement allowance shall be derived by adding the
2 allowances computed separately under
3 subparagraphs (A), (B), (C), and (D) as follows:

4 (A) Irrespective of age, for each year of credited
5 service as an elective officer, three and
6 one-half per cent of the member's average final
7 compensation as computed under
8 section 88-81(e)(1), in addition to an annuity
9 that is the actuarial equivalent of the member's
10 accumulated contributions allocable to the period
11 of service; and

12 (B) Irrespective of age, for each year of credited
13 service as a legislative officer, three and
14 one-half per cent of the member's average final
15 compensation as computed under
16 section 88-81(e)(2), in addition to an annuity
17 that is the actuarial equivalent of the member's
18 accumulated contributions allocable to the period
19 of service;

20 (C) If the member has credited service as a judge,
21 the member's retirement allowance shall be
22 computed on the following basis:



- 1 (i) For a member who has credited service as a
2 judge before July 1, 1999, irrespective of
3 age, for each year of credited service as a
4 judge, three and one-half per cent of the
5 member's average final compensation as
6 computed under section 88-81(e)(3), in
7 addition to an annuity that is the actuarial
8 equivalent of the member's accumulated
9 contributions allocable to the period of
10 such service; and
- 11 (ii) For a member who first earned credited
12 service as a judge after June 30, 1999, and
13 has attained the age of fifty-five, for each
14 year of credited service as a judge, three
15 and one-half per cent of the member's
16 average final compensation as computed under
17 section 88-81(e)(3), in addition to an
18 annuity that is the actuarial equivalent of
19 the member's accumulated contributions
20 allocable to the period of such service. If
21 the member has not attained age fifty-five,
22 the member's retirement allowance shall be



1 computed as though the member had attained
2 age fifty-five, reduced in accordance with
3 factors of actuarial equivalence adopted by
4 the board upon the advice of the actuary;
5 and

6 (D) For each year of credited service not included in
7 subparagraph (A), (B), or (C), the average final
8 compensation as computed under section
9 88-81(e)(4) shall be multiplied by two per cent
10 for credited service earned as a class A or
11 class H member, two and one-half per cent for
12 credited service earned as a class B member, and
13 one and one-quarter per cent for credited service
14 earned as a class C member. If the member has
15 not attained age fifty-five, the member's
16 retirement allowance shall be computed as though
17 the member had attained age fifty-five, reduced
18 in accordance with factors of actuarial
19 equivalence adopted by the board upon the advice
20 of the actuary.

21 The total retirement allowance shall not exceed
22 seventy-five per cent of the member's highest average



1 final compensation calculated under section
2 88-81(e) (1), (2), (3), or (4). If the allowance
3 exceeds this limit, it shall be adjusted by reducing
4 any annuity accrued under subparagraphs (A), (B), and
5 (C) and the portion of the accumulated contributions
6 specified in these subparagraphs in excess of the
7 requirements of the reduced annuity shall be returned
8 to the member. If a member has service credit as an
9 elective officer or as a legislative officer in
10 addition to service credit as a judge, then the
11 retirement benefit calculation contained in this
12 paragraph shall supersede the formula contained in
13 paragraph (3)."

14 SECTION 2. Section 88-281, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§88-281 Service retirement.** (a) A member who has ten
17 years of credited service and has attained age sixty-two [~~or a~~
18 ~~member with thirty years credited service who has attained the~~
19 ~~age of fifty five,~~] shall become eligible to receive a
20 retirement allowance after the member has terminated service.

21 (b) [~~If a~~] A member who has at least twenty-five years of
22 credited service [~~as a sewer worker or as a water safety officer~~



1 ~~of which the last five or more years prior to retirement is~~
2 ~~credited in such a capacity, then the sewer worker or water~~
3 ~~safety officer]~~ shall be eligible to receive a retirement
4 benefit unreduced for age after the member has terminated
5 service.

6 (c) A member who has twenty years of credited service and
7 has attained age fifty-five shall be eligible to receive an
8 early retirement allowance reduced for age after the member has
9 terminated service.

10 (d) A member who has ten years of credited service and
11 terminates service prior to attaining age sixty-two shall have a
12 vested right and shall be eligible to receive a retirement
13 allowance when the member has attained age sixty-five.

14 ~~[(e) If a member has at least thirty years of credited~~
15 ~~service through June 30, 2003; twenty-nine years of credited~~
16 ~~service on or after July 1, 2004; twenty-eight years of credited~~
17 ~~service on or after July 1, 2005; twenty-seven years of credited~~
18 ~~service on or after July 1, 2006; twenty-six years of credited~~
19 ~~service on or after July 1, 2007; and twenty-five years of~~
20 ~~credited service on or after July 1, 2008, as an emergency~~
21 ~~medical technician, of which the last five or more years prior~~
22 ~~to retirement is credited service in that capacity, the~~



1 ~~emergency medical technician shall be eligible to receive a~~
2 ~~retirement benefit unreduced for age after the member has~~
3 ~~terminated service.]~~

4 ~~[+f)]~~ (e) A member may retire upon the written application
5 to the board, specifying the desired date of retirement, which
6 shall be not less than thirty days nor more than one hundred
7 fifty days subsequent to the date of filing. Retirement shall
8 be effective on the first day of a month, except for the month
9 of December when retirement on the first or last day of the
10 month shall be allowed."

11 SECTION 3. Section 88-331, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "~~[+]~~**§88-331**~~[+]~~ **Service retirement.** (a) A class H member
14 who has five years of credited service and has attained age
15 sixty-two~~[, or a class H member with thirty years credited~~
16 ~~service who has attained the age of fifty-five]~~ shall become
17 eligible to receive a retirement allowance after the member has
18 terminated service.

19 (b) A class H member who has at least twenty-five years of
20 credited service ~~[as a sewer worker or water safety officer, of~~
21 ~~which the last five or more years prior to retirement is~~
22 ~~credited service in that capacity,]~~ shall become eligible to



1 receive a retirement allowance unreduced for age after the
2 member has terminated service.

3 (c) A class H member who has twenty years of credited
4 service and has attained age fifty-five shall be eligible to
5 receive an early retirement allowance reduced for age after the
6 member has terminated service.

7 [~~(d) If a class H member has at least twenty-eight years
8 of credited service on or after July 1, 2005; twenty-seven years
9 of credited service on or after July 1, 2006; twenty-six years
10 of credited service on or after July 1, 2007; and twenty-five
11 years of credited service on or after July 1, 2008, as an
12 emergency medical technician, of which the last five or more
13 years prior to retirement is credited service in that capacity,
14 the member shall be eligible to receive a retirement benefit
15 unreduced for age after the member has terminated service.]~~

16 [~~(e)~~] (d) A class H member may retire upon the written
17 application to the system, specifying the desired date of
18 retirement, which shall be not less than thirty days nor more
19 than one hundred fifty days subsequent to the date of filing.
20 Retirement shall be effective on the first day of a month,
21 except for the month of December when retirement on the first or
22 last day of the month shall be allowed."



1 SECTION 4. Section 88-74.6, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§88-74.6] Unreduced allowance on service retirement;~~
4 ~~when applicable.~~ In addition to those positions identified in
5 section 88-74(1), and notwithstanding any law in this part that
6 requires a member to attain age fifty-five to qualify for an
7 unreduced service retirement allowance, if the member has at
8 least thirty years of credited service through June 30, 2003;
9 twenty-nine years of credited service on or after July 1, 2004;
10 twenty-eight years of credited service on or after July 1, 2005;
11 twenty-seven years of credited service on or after July 1, 2006;
12 twenty-six years of credited service on or after July 1, 2007;
13 and twenty-five years of credited service on or after July 1,
14 2008, as an emergency medical technician, of which the last five
15 or more years prior to retirement is credited service in that
16 capacity, then upon retirement and irrespective of age, that
17 member's service retirement allowance shall not be reduced for
18 actuarial purposes."]

19 SECTION 5. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect upon its approval.

2

INTRODUCED BY: DiKanna
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SB. NO. 2644

Report Title:

ERS Benefits

Description:

Allows class A, B, C, and H members to retire after 25 years of credited service, regardless of age, without reduced benefits.

