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# 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 during the 2006  
2 legislative session, legislation was passed directing the Hawaii  
3 employees' retirement system to conduct an actuarial study to  
4 analyze possible improvements in order to account for the  
5 effects of inflation.

6           The legislature finds that actuarial study indicated that  
7 the fairest and most equitable option, among suggested options,  
8 was the option that addresses the concerns of retirees by:

9           (1) Factoring in how many years the retiree has been in  
10           retirement; and

11           (2) Recognizing how many years of service the retiree has  
12           rendered to the State.

13           The legislature further finds that the last ad hoc increase  
14 provided by the employees' retirement system was during the  
15 2002-2003 fiscal year. That increase applied to retirees age  
16 seventy and older with twenty or more years of service. The  
17 increase was a one-time, lump sum, pension bonus.



1           Accordingly, the purpose of this Act is to provide for an  
2 increase in the post retirement allowance based on the retiree's  
3 age, the number of years of credited service, and the number of  
4 years in retirement.

5           SECTION 2. Section 88-11, Hawaii Revised Statutes, is  
6 amended to read as follows:

7           "**§88-11 Bonus; pensioners' special compensation; amounts**  
8 **available.** Except as herein provided, every pension payable  
9 under the employees retirement system or payable pursuant to any  
10 law of the State, or by any county or independent public board  
11 or commission, shall be increased by a bonus for each month as  
12 follows:

13           (1) Effective July 1, 1976, \$77.82 per month to those  
14           retirants and pensioners who had, before July 1, 1966,  
15           ten or more years of service; provided that any member  
16           who is retired because of physical or mental  
17           disability due to any injury or disease incurred while  
18           in the performance of the member's duty as a public  
19           employee shall be entitled to receive the bonus  
20           payment without meeting the minimum service  
21           requirement;



- 1           (2) Effective July 1, 1976, \$31.12 per month additional to  
2           the above bonus to those retirants or pensioners who  
3           retired before July 1, 1945;
- 4           (3) Effective July 1, 1976, \$31.12 per month additional to  
5           the above bonus or bonuses to those retirants or  
6           pensioners who have had twenty-one or more years of  
7           service;
- 8           (4) Effective July 1, 1976, if the pension as increased by  
9           the bonus or bonuses does not equal \$202.32 per month,  
10          the bonus shall be further increased by such sum, not  
11          in excess of \$31.12, as will bring the total of the  
12          pension and bonus to \$202.32 per month; provided that  
13          where the dependents of a deceased pensioner are  
14          receiving pension by reasons of the pensioner's death,  
15          the total only of all amounts paid to the dependents  
16          shall be so increased, and the increase herein shall  
17          be shared by them in proportion to the respective  
18          amount of pension receivable by them exclusive of this  
19          increase;
- 20          (5) In the case of any retirement allowance for service  
21          commencing after June 30, 1965, pursuant to paragraph  
22          (1) or (3) of section 88-74, the only bonus payable



1 shall be in the amount by which the benefit payable  
2 under the paragraphs is less than the bonus as set  
3 forth above; provided that in no case shall a person  
4 who retires after June 30, 1965, receive less under  
5 the service and ordinary disability retirement system  
6 benefits, plus the bonus payable under this section  
7 than the person would have received if paragraph (5)  
8 had not been enacted;

9 (6) Any provisions of this section to the contrary  
10 notwithstanding, there shall be paid to every person  
11 who on June 30, 1965, was receiving a retirement  
12 allowance from the system or other pension payable  
13 under or pursuant to the law of the State or by any  
14 county or independent board or commission, a special  
15 cost of living bonus, which shall be paid in the  
16 following manner:

17 (A) On January 1, 1966, seven and one-half per cent  
18 of the retirement allowance or pension;

19 (B) On July 1, 1969, an additional ten per cent of  
20 the retirement allowance or pension;

21 (C) On July 1, 1970, an additional ten per cent of  
22 the retirement allowance or pension;



1 (D) On July 1, 1973, an additional five and one-half  
2 per cent of the retirement allowance or pension;  
3 and

4 (E) On July 1, 1976, an additional eight per cent of  
5 the retirement allowance or pension;

6 (7) Any provision of this section to the contrary  
7 notwithstanding, there shall be paid to every person  
8 who retired between July 1, 1965, and June 30, 1970,  
9 and who, on June 30, 1974, was receiving a retirement  
10 allowance from the system or other pension payable  
11 under or pursuant to the law of the State or by any  
12 county or independent board or commission, a special  
13 cost of living bonus which shall be paid in the  
14 following manner:

15 (A) On July 1, 1974, five and one-half per cent of  
16 the retirement allowance or pension; and

17 (B) On July 1, 1976, an additional eight per cent of  
18 the retirement allowance or pension;

19 (8) Any other provision to the contrary notwithstanding,  
20 effective July 1, 1980, there shall be paid to every  
21 person who retired prior to July 1, 1975, and who on  
22 June 30, 1980, was receiving a retirement allowance



1 from the system or other pension payable under or  
2 pursuant to the law of the State or by any county or  
3 independent board or commission, a special cost of  
4 living bonus, which shall be paid in the following  
5 manner:

6 (A) \$4.50 a month for each year of the retirant's or  
7 pensioner's credited service, if the person  
8 retired prior to July 1, 1965;

9 (B) \$2.50 a month for each year of the retirant's or  
10 pensioner's credited service if the person  
11 retired after June 30, 1965, but prior to July 1,  
12 1970; and

13 (C) \$1.00 a month for each year of the retirant's or  
14 pensioner's credited service if the person  
15 retired after June 30, 1970, but prior to July 1,  
16 1975;

17 provided that if the retirants or pensioner had  
18 retired, returned to service, and again retired, the  
19 person's latest retirement date shall be considered as  
20 the person's date of retirement; provided further that  
21 no special cost of living bonus as provided for in  
22 this paragraph shall be paid to those retirants or



1 pensioners who have eight or less years of credited  
2 service;

3 (9) Any other provision to the contrary notwithstanding,  
4 effective July 1, 1984, there shall be paid to every  
5 person who retired after June 30, 1970, but prior to  
6 July 1, 1979, and who on June 30, 1984, was receiving  
7 a retirement allowance from the system or other  
8 pension payable under or pursuant to the law of the  
9 State or by any county or independent board or  
10 commission, a special cost of living bonus, which  
11 shall be paid in the following manner:

12 (A) \$.50 a month for each year of the retirant's or  
13 pensioner's credited service if the person  
14 retired after June 30, 1970, but prior to July 1,  
15 1975; and

16 (B) \$1.00 a month for each year of the retirant's or  
17 pensioner's credited service if the person  
18 retired after June 30, 1975, but prior to July 1,  
19 1979;

20 provided that if the retirant or pensioner had  
21 retired, returned to service, and again retired, the  
22 person's latest retirement date shall be considered as



1 the person's date of retirement; provided further that  
2 no special cost of living bonus as provided for in  
3 this paragraph shall be paid to those retirants or  
4 pensioners who have eight or less years of credited  
5 service;

6 (10) Any other provision to the contrary notwithstanding,  
7 effective July 1, 1988, there shall be paid to every  
8 person who retired prior to July 1, 1982, and who on  
9 June 30, 1988, was receiving a retirement allowance  
10 from the system or other pension payable under or  
11 pursuant to the law of the State or by any county or  
12 independent board or commission, a special cost of  
13 living bonus, which shall be paid in the following  
14 manner:

15 (A) \$3.50 a month for each year of the retirant's or  
16 pensioner's credited service, if the person  
17 retired prior to July 1, 1965;

18 (B) \$2.50 a month for each year of the retirant's or  
19 pensioner's credited service if the person  
20 retired after June 30, 1965, but prior to July 1,  
21 1970;





1 (C) \$1.50 a month for each year of the retirant's or  
2 pensioner's credited service if the person  
3 retired after June 30, 1970, but prior to July 1,  
4 1975; and

5 (D) \$1.00 a month for each year of the retirant's or  
6 pensioner's credited service if the person  
7 retired after June 30, 1975, but prior to July 1,  
8 1982;

9 provided that if the retirant or pensioner had  
10 retired, returned to service, and again retired, the  
11 person's latest retirement date shall be considered as  
12 the person's date of retirement; provided further that  
13 no special cost of living bonus as provided for in  
14 this paragraph shall be paid to those retirants or  
15 pensioners who have ten or less years of credited  
16 service;

17 (11) Any other provision to the contrary notwithstanding,  
18 effective July 1, 1990, and each July 1, thereafter  
19 until June 30, 1999, bonuses shall be paid to  
20 retirants and pensioners with ten or more years of  
21 service or to their beneficiaries who are receiving a  
22 monthly benefit from the system, in accordance with



1           this paragraph; provided that the requirement of ten  
2           or more years of service shall not apply in the case  
3           of a person who retires with less than ten years of  
4           service because of a service connected disability; and  
5           provided further that if the retirant or pensioner is  
6           currently receiving a larger bonus than what would be  
7           payable under this paragraph the retirant or pensioner  
8           shall continue to receive the bonus amount received on  
9           June 30, 1990, until the retirant's or pensioner's  
10          bonus calculated under this paragraph exceeds the  
11          June 30, 1990, bonus amount at which time the  
12          difference between the June 30, 1990, bonus and the  
13          bonus calculated under this paragraph would be  
14          payable.

15                 The bonus amounts payable under this paragraph  
16                 shall be based on years of retirement and shall be a  
17                 cumulative amount to include all previous bonuses and  
18                 shall not exceed:

19                 (A) \$1.25 for each year of the retirant's or  
20                         pensioner's credited service if the retirant or  
21                         pensioner has been retired a minimum of five



- 1           years by July 1 in the year in which the bonus is  
2           effective;
- 3           (B) \$2.50 for each year of the retirant's or  
4           pensioner's credited service if the retirant or  
5           pensioner has been retired a minimum of ten years  
6           by July 1 in the year in which the bonus is  
7           effective;
- 8           (C) \$4.50 for each year of the retirant's or  
9           pensioner's credited service if the retirant or  
10          pensioner has been retired a minimum of fifteen  
11          years by July 1 in the year in which the bonus is  
12          effective;
- 13          (D) \$6.00 for each year of the retirant's or  
14          pensioner's credited service if the retirant or  
15          pensioner has been retired a minimum of twenty  
16          years by July 1 in the year in which the bonus is  
17          effective;
- 18          (E) \$8.75 for each year of the retirant's or  
19          pensioner's credited service if the retirant or  
20          pensioner has been retired a minimum of twenty-  
21          five years by July 1 in the year in which the  
22          bonus is effective;



1 (F) \$10.50 for each year of the retirant's or  
2 pensioner's credited service if the retirant or  
3 pensioner has been retired a minimum of thirty  
4 years by July 1 in the year in which the bonus is  
5 effective;

6 (G) Any provision to the contrary notwithstanding,  
7 any retirant or pensioner with ten or more years  
8 of service who on July 1 of the year in which the  
9 bonus is being calculated has been retired a  
10 minimum of twenty years and whose current bonus  
11 amount exceeds the maximum specified in this  
12 paragraph shall nevertheless receive a pension  
13 increase of \$1.25 for each year of credited  
14 service.

15 For the purposes of this paragraph, if the retirant or  
16 pensioner had retired, returned to service, and again  
17 retired, the latest retirement date shall be  
18 considered as the date of retirement; ~~and~~

19 (12) Notwithstanding any other provision to the contrary,  
20 in fiscal year 2002-2003, each state and county  
21 retiree who is seventy years of age and older with at  
22 least twenty years of credited service as of June 30,



1           2002, shall receive a one time, lump sum bonus of  
2           \$200. Any lump sum bonus paid pursuant to this  
3           paragraph shall not be construed to increase a  
4           retirant's basic monthly pension accumulation or any  
5           other post retirement benefit provided under this  
6           chapter[-]; and

7           (13) Notwithstanding any other provision to the contrary,  
8           in fiscal year 2007-2008, each state and county  
9           retiree who is seventy years of age and older with at  
10           least twenty years of retirement as of June 30, 2007,  
11           shall receive a one-time, lump sum bonus equal to \$1  
12           per month per year of service earned by the retiree.  
13           Any lump sum bonus paid pursuant to this paragraph  
14           shall not be construed to increase a retirant's basic  
15           monthly pension accumulation or any other post  
16           retirement benefit provided under this chapter."

17           SECTION 3. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$                    or so  
19 much thereof as may be necessary for fiscal year 2007-2008 for  
20 deposit into the employees' retirement systems' operating budget  
21 (BUF 141), to provide retirants who are age seventy or older and  
22 who have at least twenty years of retirement as of June 30,



1 2007, a one-time, lump sum pension bonus equal to \$1 per month  
2 per year of service earned by the retiree.

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

5 SECTION 4. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on July 1, 2007.

8



**Report Title:**

Employees' Retirement System; Appropriation

**Description:**

Provides for post retirement allowance increases based upon the number of years of credited service and the number of years in retirement. Makes appropriation. (HB988 HD1)

