
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 to account for the effects of
5 inflation. The actuarial study indicated that the fairest and
6 most equitable option, among those suggested, was one that
7 addressed the concerns of retirees by:

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

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

12 The legislature finds that the last ad hoc increase
13 provided by the employees' retirement system was during the
14 2002-2003 fiscal year. That increase was a one-time, lump sum
15 pension bonus for retirees age 70 and older, with 20 or more
16 years of service.

17 Accordingly, the purpose of this Act is to help offset the
18 effects of inflation on older retirees' pensions by providing a



1 similar one-time, lump sum payment available only to retirees
2 who are at least 75 years of age and who have been in retirement
3 for at least 20 years. The payment provided by this Act to
4 certain older retirees is a one time, lump sum payment and is
5 not intended to provide an enhanced pension benefit.

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

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

14 (1) Effective July 1, 1976, \$77.82 per month to those
15 retirants and pensioners who had, before July 1, 1966,
16 ten or more years of service; provided that any member
17 who is retired because of physical or mental
18 disability due to any injury or disease incurred while
19 in the performance of the member's duty as a public
20 employee shall be entitled to receive the bonus
21 payment without meeting the minimum service
22 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 June
11 30, 1990, bonus amount at which time the difference
12 between the June 30, 1990, bonus and the bonus
13 calculated under this paragraph would be payable.

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

18 (A) \$1.25 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 five
21 years by July 1 in the year in which the bonus is
22 effective;



- 1 (B) \$2.50 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 ten years
4 by July 1 in the year in which the bonus is
5 effective;
- 6 (C) \$4.50 for each year of the retirant's or
7 pensioner's credited service if the retirant or
8 pensioner has been retired a minimum of fifteen
9 years by July 1 in the year in which the bonus is
10 effective;
- 11 (D) \$6.00 for each year of the retirant's or
12 pensioner's credited service if the retirant or
13 pensioner has been retired a minimum of twenty
14 years by July 1 in the year in which the bonus is
15 effective;
- 16 (E) \$8.75 for each year of the retirant's or
17 pensioner's credited service if the retirant or
18 pensioner has been retired a minimum of twenty-
19 five years by July 1 in the year in which the
20 bonus is effective;
- 21 (F) \$10.50 for each year of the retirant's or
22 pensioner's credited service if the retirant or



1 pensioner has been retired a minimum of thirty
2 years by July 1 in the year in which the bonus is
3 effective;

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

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

17 (12) Notwithstanding any other provision to the contrary,
18 in fiscal year 2002-2003, each state and county
19 retiree who is seventy years of age and older with at
20 least twenty years of credited service as of June 30,
21 2002, shall receive a one time, lump sum bonus of
22 \$200. Any lump sum bonus paid pursuant to this



1 paragraph shall not be construed to increase a
2 retirant's basic monthly pension accumulation or any
3 other post retirement benefit provided under this
4 chapter[-]; and

5 (13) Notwithstanding any other provision to the contrary,
6 in fiscal year 2008-2009, each state or county
7 retirant who is seventy-five years of age or older who
8 has at least twenty years of retirement as of June 30,
9 2008, shall receive a one-time, lump sum pension bonus
10 equal to a sum derived by adding up \$1 for every month
11 of every year of credited service earned by the
12 retirant. Any lump sum pension bonus paid pursuant to
13 this paragraph shall not be construed to increase a
14 retirant's basic monthly pension accumulation or any
15 other post retirement benefit provided under this
16 chapter."

17 SECTION 3. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$ or so much
19 thereof as may be necessary for fiscal year 2008-2009 to provide
20 retirants who are age seventy-five or older and who have been
21 retired for at least twenty years as of June 30, 2008, a one-
22 time, lump sum pension bonus equal to a sum derived by adding up

1 \$1 per month per year of credited service earned by the
2 retirant.

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, 2008.



Report Title:

Employees' Retirement System; Appropriation

Description:

Provides for a one time lump sum payment for retirees at least 75 years of age who have been in retirement at least 20 years. Makes appropriation. (SB2039 HD1)

