

JAN 24 2007

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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 purpose of this Act is to allow police  
2 officers from the four county police departments to receive a  
3 maximum retirement allowance that shall not exceed one hundred  
4 per cent of their average final compensation.

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

7           "§88-74 Allowance on service retirement. Upon retirement  
8 from service, a member shall receive a maximum retirement  
9 allowance as follows:

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



1 multiplied by the total number of years of prior  
2 credited service as a class C member, plus a  
3 retirement allowance of two per cent of the member's  
4 average final compensation multiplied by the total  
5 number of years of prior credited service as a class H  
6 member; provided that:

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

13 (B) After June 30, 1977, 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 a corrections officer;

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



1 (D) After June 30, 1989, if the member has at least  
2 ten years of credited service of which the last  
3 five or more years prior to retirement is  
4 credited service as a narcotics enforcement  
5 investigator;

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

10 (F) After June 30, 1994, if the member has at least  
11 ten years of credited service, of which the last  
12 five or more years prior to retirement are  
13 credited service as a public safety  
14 investigations staff investigator;

15 (G) After June 30, 2002, if the member:  
16 (i) Has at least ten years of credited service  
17 as a firefighter;  
18 (ii) Is deemed permanently medically disqualified  
19 due to a service related disability to be a  
20 firefighter by the employer's physician; and  
21 (iii) Continues employment in a class A or B  
22 position other than a firefighter; and



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

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

4 (ii) Is deemed permanently medically disqualified  
5 due to a service related disability to be a  
6 police officer by the employer's physician;  
7 and

8 (iii) Continues employment in a class A or B  
9 position other than a police officer;

10 then for each year of service as a firefighter, police  
11 officer, corrections officer, investigator of the  
12 department of the prosecuting attorney, investigator  
13 of the department of the attorney general, narcotics  
14 enforcement investigator, water safety officer, or  
15 public safety investigations staff investigator, the  
16 retirement allowance shall be two and one-half per  
17 cent of the member's average final compensation. The  
18 maximum retirement allowance for those members shall  
19 not exceed eighty per cent of the member's average  
20 final compensation[-]; provided that for police  
21 officers, the maximum retirement allowance shall not  
22 exceed one hundred per cent of the member's average



1           final compensation. If the member has not attained  
2           age fifty-five, the member's retirement allowance  
3           shall be computed as though the member had attained  
4           age fifty-five, reduced in accordance with factors of  
5           actuarial equivalence adopted by the board upon the  
6           advice of the actuary; provided that no reduction  
7           shall be made if the member has at least twenty-five  
8           years of credited service as a firefighter, police  
9           officer, corrections officer, investigator of the  
10          department of the prosecuting attorney, investigator  
11          of the department of the attorney general, narcotics  
12          enforcement investigator, public safety investigations  
13          staff investigator, sewer worker, or water safety  
14          officer, of which the last five or more years prior to  
15          retirement is credited service in such capacities;

- 16       (2) If the member has made voluntary additional  
17       contributions for the purchase of an additional  
18       annuity and has not applied for a refund as permitted  
19       by section 88-72, the member may accept the refund at  
20       the time of retirement or, in lieu thereof, receive in  
21       addition to the retirement allowance provided in  
22       paragraph (1), an annuity that is the actuarial



1           equivalent of the additional contributions with  
2           regular interest;

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

6           (A) For a member who has credited service as a judge  
7           before July 1, 1999, irrespective of age, for  
8           each year of credited service as a judge, three  
9           and one-half per cent of the member's average  
10          final compensation in addition to an annuity that  
11          is the actuarial equivalent of the member's  
12          accumulated contributions allocable to the period  
13          of such service; and

14          (B) For a member who first earned credited service as  
15          a judge after June 30, 1999, for each year of  
16          credited service as a judge, three and one-half  
17          per cent of the member's average final  
18          compensation in addition to an annuity that is  
19          the actuarial equivalent of the member's  
20          accumulated contributions allocable to the period  
21          of such service. If the member has not attained  
22          age fifty-five, the member's retirement allowance



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

5 (C) For a judge with other credited service, as  
6 provided in paragraphs (1) and (2). If the  
7 member has not attained age fifty-five, the  
8 member's retirement allowance shall be computed  
9 as though the member had attained age fifty-five,  
10 reduced in accordance with factors of actuarial  
11 equivalence adopted by the board upon the advice  
12 of the actuary; or

13 (D) For a judge with credited service as an elective  
14 officer or as a legislative officer, as provided  
15 in paragraph (4).

16 No allowance shall exceed seventy-five per cent of the  
17 member's average final compensation. If the allowance  
18 exceeds this limit, it shall be adjusted by reducing  
19 the annuity included in subparagraphs (A) and (B) and  
20 the portion of the accumulated contributions specified  
21 in the subparagraphs in excess of the requirements of  
22 the reduced annuity shall be returned to the member.



1           The allowance for judges under this paragraph,  
2           together with the retirement allowance provided by the  
3           federal government for similar service, shall in no  
4           case exceed seventy-five per cent of the member's  
5           average final compensation; or

6           (4) If the member has credited service as an elective  
7           officer or as a legislative officer, the member's  
8           retirement allowance shall be derived by adding the  
9           allowances computed separately under subparagraphs  
10          (A), (B), (C), and (D) as follows:

11          (A) Irrespective of age, for each year of credited  
12          service as an elective officer, three and  
13          one-half per cent of the member's average final  
14          compensation as computed under section  
15          88-81(e)(1), in addition to an annuity that is  
16          the actuarial equivalent of the member's  
17          accumulated contributions allocable to the period  
18          of service; and

19          (B) Irrespective of age, for each year of credited  
20          service as a legislative officer, three and  
21          one-half per cent of the member's average final  
22          compensation as computed under section





1 88-81(e) (2), in addition to an annuity that is  
2 the actuarial equivalent of the member's  
3 accumulated contributions allocable to the period  
4 of service;

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

8 (i) For a member who has credited service as a  
9 judge before July 1, 1999, irrespective of  
10 age, for each year of credited service as a  
11 judge, three and one-half per cent of the  
12 member's average final compensation as  
13 computed under section 88-81(e) (3), in  
14 addition to an annuity that is the actuarial  
15 equivalent of the member's accumulated  
16 contributions allocable to the period of  
17 such service; and

18 (ii) For a member who first earned credited  
19 service as a judge after June 30, 1999, and  
20 has attained the age of fifty-five, for each  
21 year of credited service as a judge, three  
22 and one-half per cent of the member's



1 average final compensation as computed under  
2 section 88-81(e)(3), in addition to an  
3 annuity that is the actuarial equivalent of  
4 the member's accumulated contributions  
5 allocable to the period of such service. If  
6 the member has not attained age fifty-five,  
7 the member's retirement allowance shall be  
8 computed as though the member had attained  
9 age fifty-five, reduced in accordance with  
10 factors of actuarial equivalence adopted by  
11 the board upon the advice of the actuary;  
12 and

13 (D) For each year of credited service not included in  
14 subparagraph (A), (B), or (C), the average final  
15 compensation as computed under section  
16 88-81(e)(4) shall be multiplied by two per cent  
17 for credited service earned as a class A or class  
18 H member, two and one-half per cent for credited  
19 service earned as a class B member, and one and  
20 one-quarter per cent for credited service earned  
21 as a class C member. If the member has not  
22 attained age fifty-five, the member's retirement



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

6 The total retirement allowance shall not exceed  
7 seventy-five per cent of the member's highest average  
8 final compensation calculated under section  
9 88-81(e) (1), (2), (3), or (4). If the allowance  
10 exceeds this limit, it shall be adjusted by reducing  
11 any annuity accrued under subparagraphs (A), (B), and  
12 (C) and the portion of the accumulated contributions  
13 specified in these subparagraphs in excess of the  
14 requirements of the reduced annuity shall be returned  
15 to the member. If a member has service credit as an  
16 elective officer or as a legislative officer in  
17 addition to service credit as a judge, then the  
18 retirement benefit calculation contained in this  
19 paragraph shall supersede the formula contained in  
20 paragraph (3)."

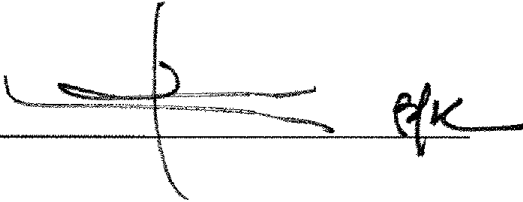
21 SECTION 3. Statutory material to be repealed is bracketed  
22 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on July 1, 2007.

2

INTRODUCED BY:

 A handwritten signature in black ink, consisting of a large, stylized 'S' or 'B' shape followed by a horizontal line and the initials 'EK'.



**Report Title:**

ERS; Service Retirement Allowance; Police Officers

**Description:**

Allows police officers to receive a maximum retirement allowance not to exceed one hundred per cent of their average final compensation.

