

JAN 16 2008

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. The actuarial study indicated that the
6 fairest and most equitable option, among suggested options, was
7 the option that addresses 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 seventy-five and older, with
16 twenty or more 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 seventy-five years of age and who have been in
3 retirement for at least twenty years. The payment provided by
4 this Act to certain older retirees is a one time, lump sum
5 payment and is not intended to provide an enhanced pension
6 benefit.

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

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

15 (1) Effective July 1, 1976, \$77.82 per month to those
16 retirants and pensioners who had, before July 1, 1966,
17 ten or more years of service; provided that any member
18 who is retired because of physical or mental
19 disability due to any injury or disease incurred while
20 in the performance of the member's duty as a public
21 employee shall be entitled to receive the bonus



- 1 payment without meeting the minimum service
2 requirement;
- 3 (2) Effective July 1, 1976, \$31.12 per month additional to
4 the above bonus to those retirants or pensioners who
5 retired before July 1, 1945;
- 6 (3) Effective July 1, 1976, \$31.12 per month additional to
7 the above bonus or bonuses to those retirants or
8 pensioners who have had twenty-one or more years of
9 service;
- 10 (4) Effective July 1, 1976, if the pension as increased by
11 the bonus or bonuses does not equal \$202.32 per month,
12 the bonus shall be further increased by such sum, not
13 in excess of \$31.12, as will bring the total of the
14 pension and bonus to \$202.32 per month; provided that
15 where the dependents of a deceased pensioner are
16 receiving pension by reasons of the pensioner's death,
17 the total only of all amounts paid to the dependents
18 shall be so increased, and the increase herein shall
19 be shared by them in proportion to the respective
20 amount of pension receivable by them exclusive of this
21 increase;



1 (5) In the case of any retirement allowance for service
2 commencing after June 30, 1965, pursuant to paragraph
3 (1) or (3) of section 88-74, the only bonus payable
4 shall be in the amount by which the benefit payable
5 under the paragraphs is less than the bonus as set
6 forth above; provided that in no case shall a person
7 who retires after June 30, 1965, receive less under
8 the service and ordinary disability retirement system
9 benefits, plus the bonus payable under this section
10 than the person would have received if paragraph (5)
11 had not been enacted;

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

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



- 1 (B) On July 1, 1969, an additional ten per cent of
- 2 the retirement allowance or pension;
- 3 (C) On July 1, 1970, an additional ten per cent of
- 4 the retirement allowance or pension;
- 5 (D) On July 1, 1973, an additional five and one-half
- 6 per cent of the retirement allowance or pension;
- 7 and
- 8 (E) On July 1, 1976, an additional eight per cent of
- 9 the retirement allowance or pension;
- 10 (7) Any provision of this section to the contrary
- 11 notwithstanding, there shall be paid to every person
- 12 who retired between July 1, 1965, and June 30, 1970,
- 13 and who, on June 30, 1974, was receiving a retirement
- 14 allowance from the system or other pension payable
- 15 under or pursuant to the law of the State or by any
- 16 county or independent board or commission, a special
- 17 cost of living bonus which shall be paid in the
- 18 following manner:
- 19 (A) On July 1, 1974, five and one-half per cent of
- 20 the retirement allowance or pension; and
- 21 (B) On July 1, 1976, an additional eight per cent of
- 22 the retirement allowance or pension;



- 1 (8) Any other provision to the contrary notwithstanding,
2 effective July 1, 1980, there shall be paid to every
3 person who retired prior to July 1, 1975, and who on
4 June 30, 1980, was receiving a retirement allowance
5 from the system or other pension payable under or
6 pursuant to the law of the State or by any county or
7 independent board or commission, a special cost of
8 living bonus, which shall be paid in the following
9 manner:
- 10 (A) \$4.50 a month for each year of the retirant's or
11 pensioner's credited service, if the person
12 retired prior to July 1, 1965;
- 13 (B) \$2.50 a month for each year of the retirant's or
14 pensioner's credited service if the person
15 retired after June 30, 1965, but prior to July 1,
16 1970; and
- 17 (C) \$1.00 a month for each year of the retirant's or
18 pensioner's credited service if the person
19 retired after June 30, 1970, but prior to July 1,
20 1975;
- 21 provided that if the retirants or pensioner had
22 retired, returned to service, and again retired, the



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

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

16 (A) \$.50 a month for each year of the retirant's or
17 pensioner's credited service if the person
18 retired after June 30, 1970, but prior to July 1,
19 1975; and

20 (B) \$1.00 a month for each year of the retirant's or
21 pensioner's credited service if the person



1 retired after June 30, 1975, but prior to July 1,
2 1979;

3 provided that if the retirant or pensioner had
4 retired, returned to service, and again retired, the
5 person's latest retirement date shall be considered as
6 the person's date of retirement; provided further that
7 no special cost of living bonus as provided for in
8 this paragraph shall be paid to those retirants or
9 pensioners who have eight or less years of credited
10 service;

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

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



1 (B) \$2.50 a month for each year of the retirant's or
2 pensioner's credited service if the person
3 retired after June 30, 1965, but prior to July 1,
4 1970;

5 (C) \$1.50 a month for each year of the retirant's or
6 pensioner's credited service if the person
7 retired after June 30, 1970, but prior to July 1,
8 1975; and

9 (D) \$1.00 a month for each year of the retirant's or
10 pensioner's credited service if the person
11 retired after June 30, 1975, but prior to July 1,
12 1982;

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

21 (11) Any other provision to the contrary notwithstanding,
22 effective July 1, 1990, and each July 1, thereafter



1 until June 30, 1999, bonuses shall be paid to
2 retirants and pensioners with ten or more years of
3 service or to their beneficiaries who are receiving a
4 monthly benefit from the system, in accordance with
5 this paragraph; provided that the requirement of ten
6 or more years of service shall not apply in the case
7 of a person who retires with less than ten years of
8 service because of a service connected disability; and
9 provided further that if the retirant or pensioner is
10 currently receiving a larger bonus than what would be
11 payable under this paragraph the retirant or pensioner
12 shall continue to receive the bonus amount received on
13 June 30, 1990, until the retirant's or pensioner's
14 bonus calculated under this paragraph exceeds the June
15 30, 1990, bonus amount at which time the difference
16 between the June 30, 1990, bonus and the bonus
17 calculated under this paragraph would be payable.

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



- 1 (A) \$1.25 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 five
4 years by July 1 in the year in which the bonus is
5 effective;
- 6 (B) \$2.50 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 ten years
9 by July 1 in the year in which the bonus is
10 effective;
- 11 (C) \$4.50 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 fifteen
14 years by July 1 in the year in which the bonus is
15 effective;
- 16 (D) \$6.00 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 years by July 1 in the year in which the bonus is
20 effective;
- 21 (E) \$8.75 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 twenty-
2 five years by July 1 in the year in which the
3 bonus is effective;

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

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

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

1 (12) Notwithstanding any other provision to the contrary,
 2 in fiscal year 2002-2003, each state and county
 3 retiree who is seventy years of age and older with at
 4 least twenty years of credited service as of June 30,
 5 2002, shall receive a one time, lump sum bonus of
 6 \$200. Any lump sum bonus paid pursuant to this
 7 paragraph shall not be construed to increase a
 8 retirant's basic monthly pension accumulation or any
 9 other post retirement benefit provided under this
 10 chapter[-]; and

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

21 SECTION 3. There is appropriated out of the general
 22 revenues of the State of Hawaii the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2008-2009 for
 2 deposit into the employees' retirement systems' operating budget
 3 (BUF 141), to provide retirees who are age seventy-five or older
 4 and who have at least twenty years of retirement as of June 30,
 5 2008, a one-time, lump sum pension bonus equal to \$1 per month
 6 per year of service earned by the retiree.

7 The sum appropriated shall be expended by the employees'
 8 retirement systems for the purposes of this Act.

9 SECTION 4. Statutory material to be repealed is bracketed
 10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 2008.

12

INTRODUCED BY: *Randy H. Baker*

J. Kelly Gogh

 S.S.T.R.

Carol Johnson

R.D.D. Gil



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.

