
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. Chapter 88, Hawaii Revised Statutes, is amended
2 by adding a new section to part II to be appropriately
3 designated and to read as follows:

4 "§88- Information from the State and counties. To
5 fulfill its responsibilities under this chapter, the system may
6 require any department or agency of the State or counties to
7 furnish information to the system to carry out the purposes of
8 this chapter. The system may specify the format in which the
9 information shall be furnished. Without limitation of the
10 foregoing, the system may require that information be furnished
11 in electronic format and that information with respect to
12 payroll and personnel transactions:

13 (1) Allocate payments, including bonuses, salary
14 adjustments, payments for compensatory time, and
15 workers' compensation, to monthly or other periods as
16 requested by the system; and

17 (2) Specify the purpose or nature of the payment."



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

3 "**§88-6 Payment of refunds and retirement benefits.** (a)

4 Notwithstanding any other provision of this chapter:

- 5 (1) All retirees and beneficiaries of the state retirement
6 system or county pension funds shall be paid
7 semimonthly; and effective January 1, 2003, all
8 retirees and beneficiaries of the state retirement
9 system who either retire or become beneficiaries after
10 January 1, 2003, shall be paid monthly; and
- 11 (2) Any [~~retiree~~] retirant or beneficiary whose benefit
12 commences after June 30, 2001, shall designate a
13 financial institution account into which the system
14 shall be authorized to deposit their retirement
15 benefit. This method of payment may be waived by the
16 system if another method is determined to be more
17 appropriate.

- 18 (b) Beginning July 1, 2008, any member, former employee,
19 retirant, or beneficiary to whom accumulated contributions or a
20 hypothetical account balance, as defined in section 88-311, is
21 payable shall designate a financial institution account into



1 which the system shall be authorized to deposit the payment;
2 provided that:

- 3 (1) The payment is greater than \$250; and
4 (2) The member, former employee, retirant, or beneficiary
5 does not elect to roll over the payment into an
6 eligible retirement plan.

7 This method of payment may be waived by the system if
8 another method is determined to be more appropriate."

9 SECTION 3. Section 88-21, Hawaii Revised Statutes, is
10 amended by amending the definitions of "beneficiary" and
11 "service" to read as follows:

12 "Beneficiary": the recipient of any benefit from the
13 system or, as ~~[+]the[+]~~ context may indicate, the person or
14 persons designated by a member, former member, or retirant, or
15 as provided by law to receive the benefits payable in the event
16 of the ~~[member's]~~ death~~[+]~~ of the member, former member, or
17 retirant.

18 "Service": service as an employee paid by the State or
19 county~~[, and also];~~ service during the period of a leave of
20 absence or exchange if the individual is paid by the State or
21 county during the period of the leave of absence or exchange ~~[ex~~
22 ~~if the individual is not paid by the State or county during the~~



1 ~~period of the leave of absence but~~]; and service during the
2 period of an unpaid leave of absence or exchange if the
3 individual is engaged in the performance of a governmental
4 function or ~~[an]~~ if the unpaid leave of absence is an approved
5 leave of absence for professional improvement [with-~~or~~];
6 provided that, for the period of the leave of absence or
7 exchange without pay [and], the individual makes the same
8 contribution to the system as the individual would have made if
9 the individual had not been on ~~[such]~~ the leave of absence.
10 Cafeteria managers and cafeteria workers shall be considered as
11 paid by the State, regardless of the source of funds from which
12 they are paid."

13 SECTION 4. Section 88-83.5, Hawaii Revised Statutes, is
14 amended as follows:

15 1. By amending subsection (a) to read:

16 "(a) Notwithstanding any other law to the contrary, the
17 benefits payable to all employees who first become members on or
18 after January 1, 1990, shall be subject to the limitations set
19 forth in section 415 of the Internal Revenue Code of 1986, as
20 amended~~[-]~~, applicable to governmental plans. The dollar limit
21 in section 415(b)(1)(A) of the Internal Revenue Code of 1986, as
22 amended, shall be adjusted automatically under section 415(d) of



1 the Internal Revenue Code of 1986, as amended, effective January
2 1 of each year, as published in the Internal Revenue Bulletin.
3 The automatic adjustment shall apply to members, former
4 employees, retirants, and beneficiaries."

5 2. By amending subsection (c) to read:

6 "(c) The system shall establish a benefit restoration plan
7 for the payment of retirement benefits as permitted under
8 section 415(m) of the Internal Revenue Code of 1986, as amended,
9 as follows:

10 (1) All [~~retired members~~] retirants and beneficiaries of
11 the system whose pension has been limited by section
12 415 of the Internal Revenue Code shall receive a
13 monthly benefit from the plan established pursuant to
14 this subsection that is equal to the difference
15 between the retirement benefit otherwise payable and
16 the retirement benefit payable because of section 415
17 of the Internal Revenue Code of 1986, as amended;

18 (2) Participation in the plan shall be determined for each
19 plan year and shall cease whenever the retirement
20 benefit is not limited by section 415 of the Internal
21 Revenue Code of 1986, as amended;



1 (3) The plan shall be funded on a plan-year-to-plan-year
2 basis and shall not be used to pay any benefits
3 payable in future years. Upon the recommendation of
4 the system's actuary, the required contribution amount
5 shall be determined by the board [~~of trustees~~] and
6 deposited in a separate fund from an allocation of
7 employer contribution amounts pursuant to this
8 chapter;

9 (4) The board [~~of trustee~~] shall administer the plan and
10 may make modifications to the benefits payable as may
11 be necessary to maintain the qualified status of the
12 plan under section 415(m) of the Internal Revenue Code
13 of 1986, as amended."

14 SECTION 5. Section 88-141, Hawaii Revised Statutes, is
15 amended to read as follows:

16 **"§88-141 Computation of compensation earned or earnable.**

17 In any case where it shall become necessary, for the purposes of
18 sections 88-131 to 88-142, to determine the compensation or
19 average compensation of a member of the system during any period
20 of the member's service in the armed forces, or during any
21 period [~~(not exceeding ninety days)~~] immediately thereafter
22 while the member was not an employee as defined in section



1 88-21, the member's rate of compensation during [~~any such~~] the
2 period [~~shall~~], for the purposes of sections 88-131 to 88-142,
3 shall be deemed to have been that which the member [~~was~~
4 ~~receiving as such an employee immediately prior to the inception~~
5 ~~of~~] would have received but for the member's service in the
6 armed forces [~~without any of the additional increments for~~
7 ~~length of service provided for by any classification or other~~
8 ~~law~~]."

9 SECTION 6. Section 88-286, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) The surviving spouse or reciprocal beneficiary and
12 children under the age of eighteen of a member at the time of
13 the member's death shall be eligible for a death benefit if the
14 member suffers either [~~an~~]:

15 (1) An ordinary death [~~while in service or on authorized~~
16 ~~leave without pay~~] after accumulating ten years of
17 credited service and the member dies:

18 (A) While in service; or [~~an~~]

19 (B) While on authorized leave without pay; or

20 (2) An accidental death."

21 SECTION 7. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 8. This Act shall take effect on July 1, 2008;
2 provided that section 1 shall take effect on July 1, 2010.



Report Title:

ERS; Information from Employers; Direct Deposit of Refunds

Description:

Requires government employers to provide information to the ERS electronically. Provides for direct deposit of refunds and other lump sum payments. Clarifies that contributions for unpaid leaves are required for service credit. Conforms provision re compensation of ERS member on military leave to USERRA. (SD1)

