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WRITTEN COMMENTS
TO THE
SENATE COMMITTEE ON WAYS AND MEANS
For Hearing on April 1, 2008
10:15 a.m., Conference Room 211

BY

MARIE C. LADERTA, DIRECTOR

**House Bill No. 1365, S.D. 1
Relating to the State of Hawaii
Deferred Compensation Plans**

TO CHAIRPERSON ROSALYN BAKER AND MEMBERS OF THE COMMITTEE:

My name is Marie Laderta, and I am the Director of the Department of Human Resources Development ("DHRD"). I am also the Chairperson of the Board of Trustees ("Board") for both the State of Hawaii Deferred Compensation Plan, and the State Deferred Compensation Retirement Plan for Part-time, Temporary, and Seasonal or Casual Employees.

H.B. No. 1365, S.D. 1 clarifies the types of investment products that can be offered to participants of both plans by specifically allowing the Board to select investment products that are commonly offered in the securities industry and other deferred compensation plans.

DHRD and the Board strongly support this administration-sponsored bill.

The Board also strongly urges that the effective date for this measure be changed from July 1, 2050 to July 1, 2008. It is critical that the proposed amendments to HRS

sections 88E-9 and 88F-7 be made effective as soon as possible because the Board constantly issues Requests for Proposals ("RFP") for investment products.

In prior RFPs issued by the Board, numerous investment companies have informed the Board and its investment consultant that they did not submit proposals because they narrowly interpret the language in the current law, and believe that their investment products do not fall within the existing statutory language. Although the Board disagrees with this narrow interpretation of the current law, the Board would like to amend the language to specifically clarify that the Board may offer investment products commonly offered in the securities industry and other deferred compensation plans, which are determined by the Board to be reasonably prudent investment products.

The securities industry is constantly changing, and new types of investment products are being created and offered to the public. Because the Board has a fiduciary responsibility to ensure the best investment products that are available in the market are offered in both plans, the Board needs to keep pace with the ever-changing securities industry. The proposed amendment will clarify the intent of the law, while allowing the Board to offer the best types of investment products to the plans and their participants.

We respectfully request your expeditious and favorable consideration of this proposal.

Respectfully submitted,



MARIE C. LADERTA