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## A BILL FOR AN ACT

RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 88-21.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "~~§~~88-21.5 Compensation. [~~Unless~~] (a) Except as otherwise  
4 provided under subsection (b) and unless a different meaning is  
5 plainly required by context, as used in this part,  
6 "compensation" means normal periodic payments of money for  
7 service the right to which accrues on a regular basis in  
8 proportion to the service performed; overtime, differentials,  
9 and supplementary payments; bonuses and lump sum salary  
10 supplements; and elective salary reduction contributions under  
11 sections 125, 403(b), and 457(b) of the Internal Revenue Code of  
12 1986, as amended. Bonuses and lump sum salary supplements shall  
13 be deemed earned when payable; provided that bonuses or lump sum  
14 salary supplements in excess of one-twelfth of compensation for  
15 the twelve months prior to the month in which the bonus or lump  
16 sum salary supplement is payable, exclusive of overtime,  
17 bonuses, and lump sum salary supplements, shall be deemed  
18 earned:



1 (1) During the period agreed-upon by the employer and  
2 employee, but in any event over a period of not less  
3 than twelve months; or

4 (2) In the absence of an agreement between the employer  
5 and the employee, over the twelve months prior to the  
6 date on which the bonus or lump sum salary supplement  
7 is payable.

8 (b) From July 1, 2009 through June 30, 2015, an employee's  
9 "compensation" shall not include overtime payments,  
10 differentials, supplementary payments, bonuses, and lump sum  
11 salary supplements."

12 SECTION 2. This Act does not affect rights and duties that  
13 matured, penalties that were incurred, and proceedings that were  
14 begun, before its effective date.

15 SECTION 3. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 4. This Act shall take effect on July 1, 2009 and  
18 shall be repealed on June 30, 2015; provided that section 88-  
19 21.5, Hawaii Revised Statutes, shall be reenacted in the form in  
20 which it read on June 30, 2009.

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INTRODUCED BY:

Calvin K. King  
JAN 28 2009



**Report Title:**

ERS; Compensation

**Description:**

Excludes certain forms of pay in computing compensation for retirement purposes.

