

STAND. COM. REP. NO. 1706

Honolulu, Hawaii

April 9, 2009

RE: S.B. No. 876
S.D. 2
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 876, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this bill is to clarify certain provisions relating to the Employees' Retirement System (ERS) by, among other things, specifying that:

- (1) Ordinary disability retirement is effective on the first day of a month or December 31st but no earlier than 30 days from the date the application was filed or when the member terminated service;
- (2) A challenge to an application for disability retirement or accidental death benefits is considered a petition for a contested case hearing and not an appeal;
- (3) Approved attorney's fees and costs shall be paid to a member or applicant instead of being paid on a reimbursable basis;
- (4) The cap on the maximum retirement allowance imposed on certain members also apply to the retirant's benefits when they are reemployed;

SB876 HD2 HSCR FIN HMS 2009-3613



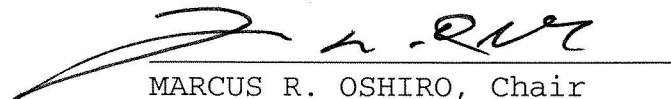
- (5) ERS shall not collect retirement contributions from re-employed retirants who reach the maximum average final compensation ceiling;
- (6) If a noncontributory member terminates service with less than ten years of service and becomes a member again by December 31st of the year following the calendar year of termination, all service credits will be restored;
- (7) December 31, 2008, is the valuation date to determine the actuarial cost to convert a member's service to the Hybrid Plan; and
- (8) The deadline for a member absent from the state due to military service during the Hybrid conversion period may be extended to pay for the conversion.

ERS offered comments.

Your Committee has amended this bill by making technical, nonsubstantive amendments for consistency and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 876, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 876, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



