

TESTIMONY BY DAVID SHIMABUKURO
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 876, S.D. 2, H.D. 1
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

APRIL 3, 2009

Chair Oshiro and Members of the Committee:

The ERS Board of Trustees supports this Administration Bill and recommends its passage.

S.B. 876, S.D. 2, H.D. 1 amends various provisions of Chapter 88, Hawaii Revised Statutes to clarify and conform a number of existing statutes to current practice as follows:

- Clarify that ordinary disability retirement is effective on the first day of the month or December 31, but no earlier than thirty days from the date the application was filed or the date the member terminated service, whichever is later.
- Clarify that if a Noncontributory member terminates service prior to accumulating ten years of credited service and becomes a member again by December 31st of the year following the calendar year of termination, all service credits that were previously forfeited would be restored.
- Clarify that the cap on the maximum retirement allowance imposed on certain members (such as police officers, firefighters, certain public safety officers, judges and elected officials) apply to the retirant's "tack-on" benefits when they return to work.

This Bill also would amend our statutes to:

- Allow ERS to use December 31, 2008 as the valuation date to determine the cost to convert a member's Noncontributory service to the Hybrid Plan.

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- Extend the deadline for a member who is absent from the State due to military service during the Hybrid conversion period by allowing up to 180 days after the member returns to work to pay for the conversion.
- Clarify that 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" of a medical board's decision.
- Allow approved attorney's fees and costs to be paid to the member or survivor instead of being paid only on a reimbursable basis.
- Allow ERS to stop collecting retirement contributions from certain re-employed retirants who reached the maximum average final compensation ceiling (police officers, firefighters, certain public safety officers, judges and elected officials).

We have attached several technical amendments for your consideration and are willing to work with your Committee to carry out the purpose of this Bill.

Thank you for the opportunity to testify on this measure.

Attachment

S. B. No. 876, SD 2, HD 1 TECHNICAL AMENDMENTS

- Page 11, line 7 - Delete reference to "to".
- Page 11, line 12 - Remove the deletion of "June 30, 2006".
- Page 11, line 13 - Remove the insertion of "December 31, 2008".
- Page 11, line 14 - Delete reference to "June 30, 2006" and insert "December 31, 2008".
- Page 12, lines 18 and 19 - Delete reference to "the last day of the sixth calendar month preceding the date of".
- Page 15, line 9 - Replace reference to "Class" with "class" (lower case).
- Page 16, line 9 - Replace reference to "Sections" with "sections" (lower case).