

**SB 876**

LINDA LINGLE  
(808)586-1111



**STATE OF HAWAII**  
EMPLOYEES' RETIREMENT SYSTEM

February 24, 2009

Senator Donna Mercado Kim, Chair  
Senate Committee on Ways and Means  
Twenty-Fifth State Legislature  
State Capitol, Room 210  
Honolulu, Hawaii 96813

Dear Chair Kim:

Re: S.B. 876, S.D. 1, Relating to the Employees' Retirement System

The Board of Trustees supports S.B. 876, S.D. 1 which 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 31<sup>st</sup> 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.



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This Bill also would amend our statutes to:

- 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).

Please share this information with the members of your Committee. If you have any questions, please call me at 586-1700.

Very truly yours,



David Shimabukuro  
Administrator

c: ERS Board of Trustees

The Honorable Georgina K. Kawamura, Director of Finance

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| Post-It® Fax Note | 7671                   | Date | 2/24/09 | # of pages | 3 |
| To                | Sen Sergeant - At-Arms |      | From    | ERS        |   |
| Co /Dept.         |                        |      | Co.     |            |   |
| Phone #           |                        |      | Phone # | 61700      |   |
| Fax #             | 66659                  |      | Fax #   |            |   |