
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

1 SECTION 1. The purpose of this Act is to set the
2 employers' contribution under the employees' retirement system
3 for fiscal year 2010-2011 at the following:

4 (1) Ten and seven tenths per cent of the members'
5 compensation for police officers, firefighters, and
6 corrections officers plus regular interest on the
7 unfunded accrued liability for this group of
8 employees; and

9 (2) Six per cent of the members' compensation for other
10 employees plus regular interest on the unfunded
11 accrued liability for this group.

12 The legislature intends that, for the fiscal year 2010-2011
13 only, the employers' contribution shall include full payment for
14 normal cost, but only interest on the unfunded accrued liability
15 as of June 30, 2010.

16 SECTION 2. Section 88-122, Hawaii Revised Statutes, is
17 amended to read as follows:



1 "§88-122 Determination of employer normal cost and accrued
2 liability contributions. (a) Based on regular interest and
3 such mortality and other tables as are adopted by the board of
4 trustees, the actuary engaged by the board, on the basis of
5 successive annual actuarial valuations, shall determine the
6 employer's normal cost and accrued liability contributions for
7 each fiscal year beginning July 1 separately for the following
8 two groups of employees:

9 (1) Police officers, firefighters, and corrections
10 officers; and

11 (2) All other employees.

12 (b) The actuarial valuations made for years after June 30,
13 1999, shall be based on an eight per cent investment yield rate,
14 salary increase assumptions adopted by the board on the
15 recommendation of the actuary described under section 88-30, and
16 tables, contribution rates, and factors adopted by the board or
17 legislature for actuarial valuations of the system, subject to
18 recommendations made by the actuary appointed under section 88-
19 29.

20 (c) With respect to each of the two groups of employees in
21 subsection (a), the normal cost for each year after June 30,
22 1994, shall be the percentage of the aggregate annual



1 compensation of employees as of March 31 of the valuation year
2 as determined by the actuary using the entry age normal cost
3 funding method. On each June 30 the board shall determine the
4 allocation of the assets of the pension accumulation fund
5 between the two groups of employees in subsection (a); provided
6 that the assets of the pension accumulation fund as of June 30,
7 1976, shall be allocated between the two groups in the same
8 proportion as the aggregate annual compensation of each group as
9 of March 31, 1976.

10 (d) Commencing with fiscal year 1994-1995 and each
11 subsequent fiscal year, the actuary shall determine the total
12 unfunded accrued liability using the entry age normal cost
13 funding method separately for each of the two groups of
14 employees in subsection (a). The accrued liability contribution
15 for each of the two groups of employees shall be the annual
16 payment required to liquidate the unfunded accrued liability
17 over a period of twenty-nine years beginning July 1, 2000. Any
18 increase or decrease in the total unfunded accrued liability
19 resulting from legislative changes in the benefit provisions of
20 the employees' retirement system shall be liquidated over a
21 period of time to be determined by the actuary.



1 (e) Commencing with fiscal year 2005-2006 and each
2 subsequent fiscal year, the employer contributions for normal
3 cost and accrued liability for each of the two groups of
4 employees in subsection (a) shall be based on fifteen and three-
5 fourths per cent of the member's compensation for police
6 officers, firefighters, and corrections officers and thirteen
7 and three-fourths per cent of the member's compensation for all
8 other employees.

9 ~~[Commencing with]~~ For fiscal year 2008-2009 [and each
10 subsequent], fiscal year[7] 2009-2010, and then for fiscal year
11 2011-2012 and each subsequent fiscal year, the employer
12 contributions for normal cost and accrued liability for each of
13 the two groups of employees in subsection (a) shall be based on
14 nineteen and seven-tenths per cent of the member's compensation
15 for police officers, firefighters, and corrections officers and
16 fifteen per cent of the member's compensation for all other
17 employees. The contribution rates shall amortize the total
18 unfunded accrued liability of the entire plan over a period not
19 to exceed thirty years.

20 For fiscal year 2010-2011 only, the employer contributions
21 for normal cost and accrued liability for each of the two groups
22 of employees in subsection (a) shall be as follows:



1 (1) Ten and seven-tenths per cent of the member's
2 compensation for police officers, firefighters, and
3 corrections officers plus regular interest on the
4 unfunded accrued liability as of June 30, 2010, for
5 this group; and

6 (2) Six per cent of the member's compensation for all
7 other employees plus regular interest as of June 30,
8 2010, on the unfunded accrued liability for this
9 group.

10 (f) Effective January 2, 2008 [~~until January 2, 2011~~],
11 there shall be no benefit enhancements under this chapter for
12 any group of members, including any reduction of retirement age,
13 when there is an unfunded accrued liability.

14 (g) The contribution rates for fiscal year 2011-2012 or
15 any subsequent fiscal year shall be subject to adjustment:

- 16 (1) If the actual period required to amortize the unfunded
17 accrued liability exceeds thirty years;
18 (2) If there is no unfunded accrued liability; or
19 (3) Based on the actuarial investigation conducted in
20 accordance with section 88-105."

21 SECTION 3. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



H.B. NO. 2892

1 SECTION 4. This Act shall take effect on July 1, 2010.

2

INTRODUCED BY:

Calvin K. Day
JAN 27 2010



Report Title:

Employees' Retirement System; Employers' Contribution For Fiscal Year 2010-11.

Description:

Sets, for fiscal year 2010-2011 only, the employers' contribution at (1) 10.7% for police officers, firefighters, and corrections officers plus regular interest on the unfunded accrued liability for this group and (2) 6% for other employees plus regular interest on the unfunded accrued liability for this group.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

