
A BILL FOR AN ACT

RELATING TO RETIREMENT.

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

1 SECTION 1. The purpose of this Act is to address
2 retirement benefits for public employees. More specifically,
3 this Act increases the minimum age and length of service for
4 receipt of an unreduced service retirement allowance by a public
5 employee who first entered state or county service after June
6 30, 2009.

7 The legislature finds that the increase of the age and
8 length of service provisions in this Act are not intended to
9 apply to a public employee who first entered state or county
10 service before June 30, 2009, subsequently left service, and re-
11 entered service after June 30, 2009.

12 SECTION 2. Section 88-21, Hawaii Revised Statutes, is
13 amended by adding a new definition of "minimum full service
14 retirement age" to be appropriately inserted and to read as
15 follows:

16 "Minimum full service retirement age" means the minimum
17 age established by this chapter at which a member may retire



1 from service and receive a service retirement allowance
2 unreduced for age."

3 SECTION 3. Section 88-73, Hawaii Revised Statutes, is
4 amended by amending subsections (a) and (b) to read as follows:

5 "(a) The service retirement provisions applicable to a
6 class A or B member shall depend upon the date the member first
7 enters service.

8 (1) This paragraph shall apply to a class A or B member
9 who first entered service before July 1, 2009,
10 including a member who has first entered service
11 before that date, subsequently left service, and re-
12 entered service after June 30, 2009. Any member
13 subject to this paragraph who has at least five years
14 of credited service and who has attained age fifty-
15 five or any member who has at least twenty-five years
16 of credited service or any member who has at least ten
17 years of credited service, which includes service as a
18 judge before July 1, 1999, an elective officer, or a
19 legislative officer, shall become eligible to receive
20 a retirement allowance after the member has terminated
21 service.



1 (2) This paragraph shall apply to a class A or B member
2 who first entered service after June 30, 2009. Any
3 member subject to this paragraph who has at least ten
4 years of credited service and who has attained age
5 sixty-five or any member who has at least thirty years
6 of credited service or any member who has at least
7 fifteen years of credited service, which includes
8 service as a judge before July 1, 1999, an elective
9 officer, or a legislative officer, shall become
10 eligible to receive a retirement allowance after the
11 member has terminated service.

12 (b) Any member who first earned credited service as a
13 judge [~~after~~]:

14 (1) After June 30, 1999, but before July 1, 2009, and who
15 has at least five years of credited service and has
16 attained age fifty-five or has at least twenty-five
17 years of credited service shall become eligible to
18 receive a retirement allowance after the member has
19 terminated service.

20 (2) After June 30, 2009, and who has at least ten years of
21 credited service and has attained age sixty-five or
22 has at least thirty years of credited service shall



1 become eligible to receive a retirement allowance
2 after the member has terminated service."

3 SECTION 4. Section 88-74, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§88-74 Allowance on service retirement. (a) Upon
6 retirement from service, a member shall receive a maximum
7 retirement allowance as follows:

8 (1) If the member has attained the minimum full service
9 retirement age [~~fifty-five~~], a retirement allowance of
10 two per cent of the member's average final
11 compensation multiplied by the total number of years
12 of the member's credited service as a class A and B
13 member, excluding any credited service as a judge,
14 elective officer, or legislative officer, plus a
15 retirement allowance of one and one-fourth per cent of
16 the member's average final compensation multiplied by
17 the total number of years of prior credited service as
18 a class C member, plus a retirement allowance of two
19 per cent of the member's average final compensation
20 multiplied by the total number of years of prior
21 credited service as a class H member; provided that:



- 1 (A) After June 30, 1968, if the member has at least
2 ten years of credited service of which the last
3 five or more years prior to retirement is
4 credited service as a firefighter, police
5 officer, or an investigator of the department of
6 the prosecuting attorney;
- 7 (B) After June 30, 1977, if the member has at least
8 ten years of credited service of which the last
9 five or more years prior to retirement is
10 credited service as a corrections officer;
- 11 (C) After June 16, 1981, if the member has at least
12 ten years of credited service of which the last
13 five or more years prior to retirement is
14 credited service as an investigator of the
15 department of the attorney general;
- 16 (D) After June 30, 1989, if the member has at least
17 ten years of credited service of which the last
18 five or more years prior to retirement is
19 credited service as a narcotics enforcement
20 investigator;
- 21 (E) After December 31, 1993, if the member has at
22 least ten years of credited service of which the

- 1 last five or more years prior to retirement is
2 credited service as a water safety officer;
- 3 (F) After June 30, 1994, if the member has at least
4 ten years of credited service, of which the last
5 five or more years prior to retirement are
6 credited service as a public safety
7 investigations staff investigator;
- 8 (G) After June 30, 2002, if the member:
- 9 (i) Has at least ten years of credited service
10 as a firefighter;
- 11 (ii) Is deemed permanently medically disqualified
12 due to a service related disability to be a
13 firefighter by the employer's physician; and
- 14 (iii) Continues employment in a class A or B
15 position other than a firefighter; and
- 16 (H) After June 30, 2004, if the member:
- 17 (i) Has at least ten years of credited service
18 as a police officer;
- 19 (ii) Is deemed permanently medically disqualified
20 due to a service related disability to be a
21 police officer by the employer's physician;
22 and



1 (iii) Continues employment in a class A or B
2 position other than a police officer;
3 then for each year of service as a firefighter, police
4 officer, corrections officer, investigator of the
5 department of the prosecuting attorney, investigator
6 of the department of the attorney general, narcotics
7 enforcement investigator, water safety officer, or
8 public safety investigations staff investigator, the
9 retirement allowance shall be two and one-half per
10 cent of the member's average final compensation. The
11 maximum retirement allowance for those members shall
12 not exceed eighty per cent of the member's average
13 final compensation. If the member has not attained
14 the minimum full service retirement age [~~fifty-five~~],
15 the member's retirement allowance shall be computed as
16 though the member had attained that age [~~fifty-five~~],
17 reduced for age as provided in subsection (b);

18 (2) If the member has credited service as a judge, the
19 member's retirement allowance shall be computed on the
20 following basis:

21 (A) For a member who has credited service as a judge
22 before July 1, 1999, irrespective of age, for



1 each year of credited service as a judge, three
2 and one-half per cent of the member's average
3 final compensation in addition to an annuity that
4 is the actuarial equivalent of the member's
5 accumulated contributions allocable to the period
6 of service; and

7 (B) For a member who first earned credited service as
8 a judge after June 30, 1999, for each year of
9 credited service as a judge, three and one-half
10 per cent of the member's average final
11 compensation in addition to an annuity that is
12 the actuarial equivalent of the member's
13 accumulated contributions allocable to the period
14 of service. If the member has not attained the
15 minimum full service retirement age [~~fifty-five~~],
16 the member's retirement allowance shall be
17 computed as though the member had attained that
18 age [~~fifty-five~~], reduced for age as provided in
19 subsection (b); or

20 (C) For a judge with other credited service, as
21 provided in paragraph (1). If the member has not
22 attained the minimum full service retirement age



1 [~~fifty-five~~], the member's retirement allowance
2 shall be computed as though the member had
3 attained that age [~~fifty-five~~], reduced for age
4 as provided in subsection (b); or

5 (D) For a judge with credited service as an elective
6 officer or as a legislative officer, as provided
7 in paragraph (3).

8 No allowance shall exceed seventy-five per cent of the
9 member's average final compensation. If the allowance
10 exceeds this limit, it shall be adjusted by reducing
11 the annuity included in subparagraphs (A) and (B) and
12 the portion of the accumulated contributions specified
13 in the subparagraphs in excess of the requirements of
14 the reduced annuity shall be returned to the member
15 upon the member's retirement or paid to the member's
16 designated beneficiary upon the member's death while
17 in service or while on authorized leave without pay.
18 The allowance for judges under this paragraph,
19 together with the retirement allowance provided by the
20 federal government for similar service, shall in no
21 case exceed seventy-five per cent of the member's
22 average final compensation; or



- 1 (3) If the member has credited service as an elective
2 officer or as a legislative officer, the member's
3 retirement allowance shall be derived by adding the
4 allowances computed separately under subparagraphs
5 (A), (B), (C), and (D) as follows:
- 6 (A) Irrespective of age, for each year of credited
7 service as an elective officer, three and one-
8 half per cent of the member's average final
9 compensation as computed under section 88-
10 81(e) (1), in addition to an annuity that is the
11 actuarial equivalent of the member's accumulated
12 contributions allocable to the period of service;
13 and
- 14 (B) Irrespective of age, for each year of credited
15 service as a legislative officer, three and one-
16 half per cent of the member's average final
17 compensation as computed under section 88-
18 81(e) (2), in addition to an annuity that is the
19 actuarial equivalent of the member's accumulated
20 contributions allocable to the period of service;



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(C) If the member has credited service as a judge, the member's retirement allowance shall be computed on the following basis:

(i) For a member who has credited service as a judge before July 1, 1999, irrespective of age, for each year of credited service as a judge, three and one-half per cent of the member's average final compensation as computed under section 88-81(e)(3), in addition to an annuity that is the actuarial equivalent of the member's accumulated contributions allocable to the period of service; and

(ii) For a member who first earned credited service as a judge after June 30, 1999, and has attained the minimum full service retirement age [~~of fifty-five~~], for each year of credited service as a judge, three and one-half per cent of the member's average final compensation as computed under section 88-81(e)(3), in addition to an annuity that is the actuarial equivalent of



1 the member's accumulated contributions
2 allocable to the period of service. If the
3 member has not attained the minimum full
4 service retirement age [~~fifty-five~~], the
5 member's retirement allowance shall be
6 computed as though the member had attained
7 that age [~~fifty-five~~], reduced for age as
8 provided in subsection (b); and

- 9 (D) For each year of credited service not included in
10 subparagraph (A), (B), or (C), the average final
11 compensation as computed under section 88-
12 81(e)(4) shall be multiplied by two per cent for
13 credited service earned as a class A or class H
14 member, two and one-half per cent for credited
15 service earned as a class B member, and one and
16 one-quarter per cent for credited service earned
17 as a class C member. If the member has not
18 attained the minimum full service retirement age
19 [~~fifty-five~~], the member's retirement allowance
20 shall be computed as though the member had
21 attained that age [~~fifty-five~~], reduced for age
22 as provided in subsection (b).



1 The total retirement allowance shall not exceed
2 seventy-five per cent of the member's highest average
3 final compensation calculated under section 88-
4 81(e)(1), (2), (3), or (4). If the allowance exceeds
5 this limit, it shall be adjusted by reducing any
6 annuity accrued under subparagraphs (A), (B), and (C)
7 and the portion of the accumulated contributions
8 specified in these subparagraphs in excess of the
9 requirements of the reduced annuity shall be returned
10 to the member upon the member's retirement or paid to
11 the member's designated beneficiary upon the member's
12 death while in service or while on authorized leave
13 without pay. If a member has service credit as an
14 elective officer or as a legislative officer in
15 addition to service credit as a judge, then the
16 retirement benefit calculation contained in this
17 paragraph shall supersede the formula contained in
18 paragraph (2).

19 (b) Except as provided in subsection (a) [7] or (c), if a
20 member has not attained the minimum full service retirement age
21 [~~fifty-five~~] at the date of retirement, the member's retirement
22 allowance shall be reduced, for each month the member's age at



1 the date of retirement is below that age [~~fifty-five~~], as
2 follows:

3 (1) For a member who first entered service before July 1,
4 2009:

5 [~~+1~~] (A) 0.4166 per cent for each month below age fifty-
6 five and above age forty-nine and eleven months; plus

7 [~~+2~~] (B) 0.3333 per cent for each month below age fifty
8 and above age forty-four and eleven months; plus

9 [~~+3~~] (C) 0.2500 per cent for each month below age forty-
10 five and above age thirty-nine and eleven months; plus

11 [~~+4~~] (D) 0.1666 per cent for each month below age forty;
12 and

13 (2) For a member who first entered service after June 30,
14 2009:

15 (A) 0.4166 per cent for each month below age sixty-
16 five and above age fifty-nine and eleven months;
17 plus

18 (B) 0.3333 per cent for each month below age sixty
19 and above age fifty-four and eleven months; plus

20 (C) 0.2500 per cent for each month below age fifty-
21 five and above age forty-nine and eleven months;
22 plus



1 (D) 0.1666 per cent for each month below age fifty~~[+~~
2 ~~provided that no]~~.

3 (c) No reduction of service retirement allowance shall be
4 made ~~[if the]~~ for the following:

5 (1) A member who first entered service before July 1,
6 2009, and has at least twenty-five years of credited
7 service as a firefighter, police officer, corrections
8 officer, investigator of the department of the
9 prosecuting attorney, investigator of the department
10 of the attorney general, narcotics enforcement
11 investigator, public safety investigations staff
12 investigator, sewer worker, or water safety officer,
13 of which the last five or more years prior to
14 retirement is credited service in these
15 capacities~~[+]~~; or

16 (2) A member who first entered service after June 30,
17 2009, and has at least thirty years of credited
18 service as a firefighter, police officer, corrections
19 officer, investigator of the department of the
20 prosecuting attorney, investigator of the department
21 of the attorney general, narcotics enforcement
22 investigator, public safety investigations staff



1 investigator, sewer worker, or water safety officer,
2 of which the last ten or more years prior to
3 retirement is credited service in these capacities."

4 SECTION 5. Section 88-331, Hawaii Revised Statutes, is
5 amended by amending the title and subsections (a), (b), (c), and
6 (d) to read as follows:

7 [+]§88-331[+] **Service retirement.** (a) The service
8 retirement provisions applicable to a class H member shall
9 depend upon the date the member first entered service.

10 (1) This paragraph shall apply to a member who first
11 entered service before July 1, 2009, including a
12 member who first entered service before that date,
13 subsequently left service, and re-entered service
14 after June 30, 2009. A class H member who has five
15 years of credited service and has attained age sixty-
16 two, or a class H member with thirty years credited
17 service who has attained the age of fifty-five shall
18 become eligible to receive a retirement allowance
19 after the member has terminated service.

20 (2) This paragraph shall apply to a member who first
21 entered service after June 30, 2009. A class H member
22 subject to this paragraph who has ten years of



1 credited service and has attained age sixty-seven, or
2 a class H member with thirty-five years credited
3 service who has attained the age of sixty shall become
4 eligible to receive a retirement allowance after the
5 member has terminated service.

6 (b) (1) This paragraph shall apply to a class H member
7 who first entered service before July 1, 2009,
8 including a member who first entered service before
9 that date, subsequently left service, and re-entered
10 service after June 30, 2009. A class H member subject
11 to this paragraph who has at least twenty-five years
12 of credited service as a sewer worker or water safety
13 officer, of which the last five or more years prior to
14 retirement is credited service in that capacity, shall
15 become eligible to receive a retirement allowance
16 unreduced for age after the member has terminated
17 service.

18 (2) This paragraph shall apply to a class H member who
19 first entered service after June 30, 2009. A class H
20 member subject to this paragraph who has at least
21 thirty years of credited service as a sewer worker or
22 water safety officer, of which the last ten or more



1 years prior to retirement is credited service in that
2 capacity, shall become eligible to receive a
3 retirement allowance unreduced for age after the
4 member has terminated service.

5 (c) (1) This paragraph shall apply to a member who first
6 entered service before July 1, 2009, including a
7 member who first entered service before that date,
8 subsequently left service, and re-entered service
9 after June 30, 2009. A class H member subject to this
10 paragraph who has twenty years of credited service and
11 has attained age fifty-five shall be eligible to
12 receive an early retirement allowance reduced for age
13 after the member has terminated service.

14 (2) This paragraph shall apply to a member who first
15 entered service after June 30, 2009. A class H member
16 subject to this paragraph who has twenty-five years of
17 credited service and has attained age sixty shall be
18 eligible to receive an early retirement allowance
19 reduced for age after the member has terminated
20 service.

21 (d) If a class H member who first entered service before
22 July 1, 2009, and has at least twenty-eight years of credited



1 service on or after July 1, 2005; twenty-seven years of credited
2 service on or after July 1, 2006; twenty-six years of credited
3 service on or after July 1, 2007; and twenty-five years of
4 credited service on or after July 1, 2008, as an emergency
5 medical technician, of which the last five or more years prior
6 to retirement is credited service in that capacity, the member
7 shall be eligible to receive a retirement benefit unreduced for
8 age after the member has terminated service.

9 If a class H member who first entered service after June
10 30, 2009, and has at least thirty-three years of credited
11 service on or after July 1, 2005; thirty-two years of credited
12 service on or after July 1, 2006; thirty-one years of credited
13 service on or after July 1, 2007; and thirty years of credited
14 service on or after July 1, 2008, as an emergency medical
15 technician, of which the last ten or more years prior to
16 retirement is credited service in that capacity, the member
17 shall be eligible to receive a retirement benefit unreduced for
18 age after the member has terminated service."

19 SECTION 6. Section 88-332, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§88-332 Service retirement allowance. Upon retirement
2 from service, a class H member shall receive a maximum
3 retirement allowance as follows:

4 (1) If the member has met the requirements in section 88-
5 331(a), (b), or (d), a maximum retirement allowance of
6 two per cent of the average final compensation
7 multiplied by the number of years of class H credited
8 service, plus a retirement allowance at the rate of
9 one and one-fourth per cent of the member's average
10 final compensation multiplied by the number of years
11 of class C credited service; or

12 (2) If the member has met the requirements in section 88-
13 331(c), an early retirement allowance equal to the
14 maximum retirement allowance calculated as provided in
15 paragraph (1), reduced by 0.4166 per cent for each
16 month the member is less than the minimum full service
17 retirement age [~~sixty-two~~] at retirement."

18 SECTION 7. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 8. This Act shall take effect on July 1, 2009.

21
INTRODUCED BY: Calvin K. Day
JAN 28 2009

Report Title:

Employees' Retirement System; Service Retirement

Description:

Increases, for new public employees, the minimum age and length of service for an unreduced service retirement allowance.

