
A BILL FOR AN ACT

RELATING TO PENSIONS.

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

1 SECTION 1. Section 88-81, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§88-81 Average final compensation.** (a) [2007 amendment
4 *retroactive to July 1, 2006. L 2007, c 215, §31.*] Average
5 final compensation is the average annual compensation pay or
6 salary upon which a member has made contributions as required by
7 parts II, VII, and VIII of this chapter.

8 (b) The average final compensation of members shall be
9 calculated as follows:

10 (1) For employees who become members prior to January 1,
11 1971:

12 (A) During the member's five highest paid years of
13 credited service, including vacation pay, or the
14 three highest paid years of credited service
15 excluding vacation pay, whichever is greater; or

16 (B) If the member has less than three years of
17 credited service, during the member's actual
18 years of credited service.



1 (2) For employees who become members on or after January
2 1, 1971:

3 (A) During the member's three highest paid years of
4 credited service, excluding vacation pay; or

5 (B) If the member has less than three years of
6 credited service, during the member's actual
7 years of credited service.

8 (3) For employees who become members on or after January 1,
9 2010:

10 (A) During the member's five highest paid years of
11 credited service, excluding vacation pay or
12 overtime; or

13 (B) If the member has less than five years of
14 credited service, during the member's actual
15 years of credited service, excluding vacation pay
16 or overtime.

17 (c) In computing the compensation of a judge, the
18 compensation paid to the judge by the United States as well as
19 by the Territory shall be included.

20 (d) For service rendered as a member of the legislature
21 from and after November 5, 1968, the actual annual salary of a
22 member shall be the only amount used for determining the



1 member's average final compensation. For service rendered as a
2 member of the legislature prior to November 5, 1968, and after
3 admission of this State into the Union, the annual compensation
4 of a member shall be computed, for the purpose of determining
5 the member's average final compensation, as follows: during a
6 year in which a general session was held, it shall be deemed to
7 have been an amount equal to four times the salary of a member
8 of the legislature for a general session; and during a year in
9 which a budget session was held, it shall be deemed to have been
10 an amount equal to six times the salary of a member of the
11 legislature for a budget session. For service rendered as a
12 member of the legislature prior to the admission of this State
13 into the Union, the annual compensation of a member shall be
14 deemed to have been four times the salary of a member of the
15 legislature for a regular session for each year during the
16 member's term of office.

17 (e) [~~If a member has credited service~~] For employees who
18 became members prior to January 1, 2010, and have credited
19 service rendered as an elective officer or as a legislative
20 officer, the member's average final compensation shall be
21 computed separately for each category of service as follows:



- 1 (1) For the three highest paid years of credited service
2 as an elective officer, or if the member has less than
3 three years of credited service in that capacity, then
4 the member's actual years of credited service;
- 5 (2) For the three highest paid years of credited service
6 as a legislative officer, or if the member has less
7 than three years of credited service in that capacity,
8 then the member's actual years of credited service;
- 9 (3) For the three highest paid years of credited service
10 as a judge, or if the member has less than three years
11 of credited service in that capacity, then the
12 member's actual years of credited service; and
- 13 (4) For the three highest paid years of credited service
14 not included in paragraph (1), (2), or (3), or if the
15 member has less than three years of credited service
16 in that capacity, then the member's actual years of
17 credited service.

18 For employees who become members on or after January 1,
19 2010, and thereafter accrue credited service rendered as an
20 elective officer or as a legislative officer, the member's
21 average final compensation shall be computed separately for each
22 category of service as follows:



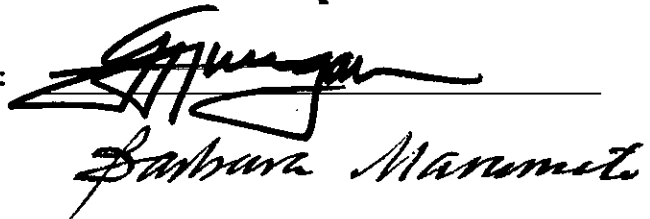
1 (5) For the five highest paid years of credited service,
2 excluding vacation pay or overtime, as an elective officer,
3 legislative officer, judge, or if the member has less than five
4 years of credited service in that capacity, then the member's
5 actual years of credited service, excluding vacation pay or
6 overtime."

7 SECTION 2. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act shall take effect on July 1, 2010.

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INTRODUCED BY:



JAN 26 2010



Report Title:

Employees Retirement System

Description:

Revises benefits for members on or after January 1, 2010 to eliminate use of overtime in the calculation of benefits, changes calculation from 'high three' to 'high five'.

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

