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## 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. Section 88-81, Hawaii Revised Statutes, is  
2 amended as follows:

3           1. By amending subsection (b) to read:

4           "(b) The average final compensation of members shall be  
5 calculated as follows:

6           (1) For employees who become members prior to January 1,  
7 1971:

8           (A) During the member's five highest paid years of  
9 credited service, including vacation pay, or the  
10 three highest paid years of credited service  
11 excluding vacation pay, whichever is greater; or

12           (B) If the member has less than three years of  
13 credited service, during the member's actual  
14 years of credited service[+];

15           (2) For employees who become members on or after January  
16 1, 1971[+], but before January 1, 2012:

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



1 (B) If the member has less than three years of  
2 credited service, during the member's actual  
3 years of credited service~~[-]~~; or

4 (3) For employees who become members after December 31,  
5 2011:

6 (A) During the member's five highest paid years of  
7 credited service, excluding vacation pay; or

8 (B) If the member has less than five years of  
9 credited service, during the member's actual  
10 years of credited service."

11 2. By amending subsection (e) to read:

12 "(e) If a member has credited service rendered as an  
13 elective officer or as a legislative officer~~[-]~~ and:

14 (1) The member became a member before January 1, 2012,  
15 then the member's average final compensation shall be  
16 computed separately for each category of service as  
17 follows:

18 ~~[(1)]~~ (A) For the three highest paid years of credited  
19 service as an elective officer, or if the member  
20 has less than three years of credited service in  
21 that capacity, then the member's actual years of  
22 credited service;



1           ~~[(2)]~~ (B)   For the three highest paid years of credited  
 2                                   service as a legislative officer, or if the  
 3                                   member has less than three years of credited  
 4                                   service in that capacity, then the member's  
 5                                   actual years of credited service;

6           ~~[(3)]~~ (C)   For the three highest paid years of credited  
 7                                   service as a judge, or if the member has less  
 8                                   than three years of credited service in that  
 9                                   capacity, then the member's actual years of  
 10                                  credited service; and

11          ~~[(4)]~~ (D)   For the three highest paid years of credited  
 12                                  service not included in [~~paragraph (1), (2), or~~  
 13                                  ~~(3),~~] subparagraph (A), (B), or (C) or, if the  
 14                                  member has less than three years of credited  
 15                                  service in that capacity, then the member's  
 16                                  actual years of credited service~~[-];~~ or

17          (2)   The member becomes a member after December 31, 2011,  
 18                                  then the member's average final compensation shall be  
 19                                  computed separately for each category of service as  
 20                                  follows:

21          (A)   For the five highest paid years of credited  
 22                                  service as an elective officer, or if the member



1           has less than five years of credited service in  
2           that capacity, then the member's actual years of  
3           credited service;

4           (B) For the five highest paid years of credited  
5           service as a legislative officer, or if the  
6           member has less than five years of credited  
7           service in that capacity, then the member's  
8           actual years of credited service;

9           (C) For the five highest paid years of credited  
10           service as a judge, or if the member has less  
11           than five years of credited service in that  
12           capacity, then the member's actual years of  
13           credited service; and

14           (D) For the five highest paid years of credited  
15           service not included in subparagraph (A), (B), or  
16           (C) or, if the member has less than five years of  
17           credited service in that capacity, then the  
18           member's actual years of credited service."

19           SECTION 2. This Act does not affect rights and duties that  
20           matured, penalties that were incurred, and proceedings that were  
21           begun before its effective date.



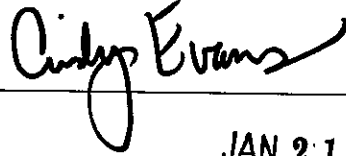
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1           SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 4. This Act shall take effect on January 1, 2012.

4

INTRODUCED BY:



JAN 21 2011



**Report Title:**

Employees' Retirement System

**Description:**

Changes the base for the average final compensation from the 3 highest to the 5 highest paid years of credited service for public employees hired after 01/01/2012.

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

