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# A BILL FOR AN ACT

RELATING TO THE DEFINITION OF COMPENSATION FOR PURPOSES OF THE  
EMPLOYEES' RETIREMENT SYSTEM.

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

1           SECTION 1. Section 88-21.5, Hawaii Revised Statutes, is  
2 amended to read as follows:  
3           "**§88-21.5 Compensation.** [~~Unless~~] (a) For service before  
4 July 1, 2011, unless a different meaning is plainly required by  
5 context, as used in this part, "compensation" means normal  
6 periodic payments of money for service the right to which  
7 accrues on a regular basis in proportion to the service  
8 performed; overtime, differentials, and supplementary payments;  
9 bonuses and lump sum salary supplements; and elective salary  
10 reduction contributions under [~~sections~~] Sections 125, 403(b),  
11 and 457(b) of the Internal Revenue Code of 1986, as amended.  
12 Bonuses and lump sum salary supplements shall be deemed earned  
13 when payable; provided that bonuses or lump sum salary  
14 supplements in excess of one-twelfth of compensation for the  
15 twelve months prior to the month in which the bonus or lump sum  
16 salary supplement is payable, exclusive of overtime, bonuses,  
17 and lump sum salary supplements, shall be deemed earned:



1 (1) During the period agreed-upon by the employer and  
2 employee, but in any event over a period of not less  
3 than twelve months; or

4 (2) In the absence of an agreement between the employer  
5 and the employee, over the twelve months prior to the  
6 date on which the bonus or lump sum salary supplement  
7 is payable.

8 (b) For service after June 30, 2011, unless a different  
9 meaning is plainly required by context, compensation to an  
10 employee or officer shall include:

11 (1) The normal periodic payments of money for services  
12 performed, the right to which accrues on an hourly,  
13 daily, monthly, or annual basis, and additional  
14 payments for any time worked that is required by the  
15 employer;

16 (2) Shortage differentials;

17 (3) Elective salary reduction contributions under Sections  
18 125, 403(b), and 457(b) of the Internal Revenue Code  
19 of 1986, as amended; and

20 (4) Twelve-month differentials for employees of the  
21 department of education."



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 Statutory material to be repealed is bracketed  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

3           SECTION 3. This Act shall take effect on July 1, 2050;  
4 provided that with respect to individuals who became members of  
5 the employees' retirement system of the State of Hawaii before  
6 July 1, 2011, the member's benefits accrued up to June 30, 2011,  
7 shall not be diminished or impaired.



**Report Title:**

Employees' Retirement System; Calculation of Retirement Benefits

**Description:**

Establishes provisions for compensation to an employee or officer for Employees' Retirement System service after June 30, 2011. Effective July 1, 2050. (SB1269 HD1)

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

