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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 88-45, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§88-45 Employee contributions.** After June 30, 1988, each  
4 class A and class B member shall contribute seven and eight-  
5 tenths per cent of the member's compensation to the annuity  
6 savings fund; provided that after June 30, 1989, all  
7 firefighters, police officers, corrections officers,  
8 investigators of the departments of the prosecuting attorney and  
9 of the attorney general, narcotics enforcement investigators,  
10 water safety officers not making the election under section  
11 88-271, and public safety investigations staff investigators  
12 shall contribute twelve and two-tenths per cent of their  
13 compensation to the annuity savings fund for service in that  
14 capacity[-]; provided further that each class A and class B  
15 member who becomes a member after                   shall contribute nine  
16 and eight-tenths per cent of the member's compensation to the  
17 annuity savings fund; provided further that all firefighters,  
18 police officers, corrections officers, investigators of the



1 departments of the prosecuting attorney and of the attorney  
2 general, narcotics enforcement investigators, and public safety  
3 investigations staff investigators who become members after June  
4 30, 2012, shall contribute fourteen and two-tenths per cent of  
5 their compensation to the annuity savings fund for service in  
6 that capacity."

7 SECTION 2. Section 88-62, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "**§88-62 Return to service of a former member.** (a) For  
10 members who became members before :

11 (1) If a former member who has [~~less~~] fewer than five  
12 years of credited service and who has been out of  
13 service for a period of four full calendar years or  
14 more after the year in which the former member left  
15 service, or if a former member who withdrew the former  
16 member's accumulated contributions returns to service,  
17 the former member shall become a member in the same  
18 manner and under the same conditions as anyone first  
19 entering service; however, the former member may  
20 obtain membership service credit in the manner  
21 provided by applicable law for credited service that  
22 was forfeited by the member upon termination of the



1 member's previous membership. If the member did not  
2 withdraw the former member's accumulated contributions  
3 prior to the former member's return to service, the  
4 accumulated contributions shall be returned to the  
5 member as part of the process of enrolling the member  
6 in the system, if the member's accumulated  
7 contributions are \$1,000 or less at the time of  
8 distribution. If the accumulated contributions for  
9 the service the member had when the member previously  
10 terminated employment are greater than \$1,000 and the  
11 member does not make written application, prior to or  
12 contemporaneously with the member's return to service,  
13 for return of the accumulated contributions, the  
14 member may not withdraw the member's accumulated  
15 contributions, except as provided by section 88-96 or  
16 88-341, until the member retires or attains age  
17 sixty-two. The member shall not be entitled to  
18 service credit by reason of the system's retention of  
19 the member's accumulated contributions for the service  
20 the member had when the member previously terminated  
21 employment. To be eligible for any benefit, the  
22 member shall fulfill the membership service



1 requirements for the benefit through membership  
2 service after again becoming a member, in addition to  
3 meeting any other eligibility requirement established  
4 for the benefit; provided that the membership service  
5 requirement shall be exclusive of any former service  
6 acquired in accordance with section 88-59 or any other  
7 section in part II, VII, or VIII~~[+]~~;

8 ~~[(b)]~~ (2) If a former member with ~~[less]~~ fewer than five  
9 years of credited service and who did not withdraw the  
10 former member's accumulated contributions returns to  
11 service within four full calendar years after the year  
12 in which the former member left service, the former  
13 member shall again become a member in the same manner  
14 and under the same conditions as anyone first entering  
15 service, except that the member shall be credited with  
16 service credit for the service the member had when the  
17 member terminated employment and:

18 ~~[(1)]~~ (A) If the member returns to service as a class A or  
19 class B member, the member's new and previous  
20 accumulated contributions shall be combined; or





1 the former member's accumulated contributions prior to  
2 the former member's return to service and the member's  
3 accumulated contributions are \$1,000 or less at the  
4 time of distribution, the accumulated contributions  
5 shall be returned to the member as part of the process  
6 of enrolling the member in the system. If the  
7 accumulated contributions for the service the member  
8 had when the member previously terminated employment  
9 are greater than \$1,000 and the member does not make  
10 written application, prior to or contemporaneously  
11 with the member's return to service, for return of the  
12 accumulated contributions, the member may not withdraw  
13 the member's accumulated contributions, except as  
14 provided by section 88-96 or 88-341, until the member  
15 retires or attains age sixty-two. The member shall  
16 not be entitled to service credit by reason of the  
17 system's retention of the member's accumulated  
18 contributions for the service the member had when the  
19 member previously terminated employment. To be  
20 eligible for any benefit, the member shall fulfill the  
21 membership service requirements for the benefit  
22 through membership service after again becoming a



1 member, in addition to meeting any other eligibility  
2 requirement established for the benefit; provided that  
3 the membership service requirement shall be exclusive  
4 of any former service acquired in accordance with  
5 section 88-59 or any other section in part II, VII, or  
6 VIII;

7 (2) If a former member with fewer than ten years of  
8 credited service and who did not withdraw the former  
9 member's accumulated contributions returns to service  
10 within four full calendar years after the year in  
11 which the former member left service, the former  
12 member shall again become a member in the same manner  
13 and under the same conditions as anyone first entering  
14 service, except that the member shall be credited with  
15 service credit for the service the member had when the  
16 member terminated employment and:

17 (A) If the member returns to service as a class A or  
18 class B member, the member's new and previous  
19 accumulated contributions shall be combined; or

20 (B) If the member returns to service as a class H  
21 member, section 88-321(b) shall apply; and



1       (3) If a former member with ten or more years of credited  
2       service who did not withdraw the former member's  
3       contributions returns to service, the former member's  
4       status shall be in accordance with section 88-97."

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

7       "(a) Any member who:

8       (1) Became a member before \_\_\_\_\_, has at least five  
9       years of credited service, and [who] has attained age  
10       fifty-five [or any member who];

11       (2) Became a member before \_\_\_\_\_, and has at least  
12       twenty-five years of credited service [or any member  
13       who has];

14       (3) Has at least ten years of credited service, [which]  
15       that includes service as a judge before July 1, 1999,  
16       an elective officer, or a legislative officer[~~r~~]; or

17       (4) Becomes a member after \_\_\_\_\_, has at least ten  
18       years of credited service, and has attained age  
19       fifty-five,

20       shall become eligible to receive a retirement allowance after  
21       the member has terminated service.

22       (b) Any member who [~~first~~]:





1        (1) First earned credited service as a judge after  
2        June 30, 1999, but before \_\_\_\_\_, and [~~who has~~]:  
3        (A) Has at least five years of credited service and  
4        has attained age fifty-five; or [has]  
5        (B) Has at least twenty-five years of credited  
6        service;  
7        shall become eligible to receive a retirement  
8        allowance after the member has terminated service[~~-~~];  
9        or

10       (2) First earned credited service as a judge after  
11       \_\_\_\_\_, and:  
12       (A) Has at least ten years of credited service and  
13       has attained age fifty-five; or  
14       (B) Has at least twenty-five years of credited  
15       service;  
16       shall become eligible to receive a retirement  
17       allowance after the member has terminated service."

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

20       "**§88-74 Allowance on service retirement.** (a) Upon  
21       retirement from service, a member shall receive a maximum  
22       retirement allowance as [~~follows:~~] provided in this section.



1           ~~[(1)]~~ (b) If ~~[the]~~ a member who became a member  
2 before \_\_\_\_\_, has attained age fifty-five, ~~[a]~~ the  
3 member's maximum retirement allowance ~~[of]~~ shall be two per cent  
4 of the member's average final compensation multiplied by the  
5 total number of years of the member's credited service as a  
6 class A and B member, excluding any credited service as a judge,  
7 elective officer, or legislative officer, plus a retirement  
8 allowance of one and one-fourth per cent of the member's average  
9 final compensation multiplied by the total number of years of  
10 prior credited service as a class C member, plus a retirement  
11 allowance of two per cent of the member's average final  
12 compensation multiplied by the total number of years of prior  
13 credited service as a class H member; provided that:

14           ~~[(A)]~~ (1) After June 30, 1968, if the member has at least  
15           ten years of credited service, of which the last five  
16           or more years prior to retirement is credited service  
17           as a firefighter, police officer, or an investigator  
18           of the department of the prosecuting attorney;

19           ~~[(B)]~~ (2) After June 30, 1977, if the member has at least  
20           ten years of credited service, of which the last five  
21           or more years prior to retirement is credited service  
22           as a corrections officer;



1        [~~(C)~~] (3) After June 16, 1981, if the member has at least  
2        ten years of credited service, of which the last five  
3        or more years prior to retirement is credited service  
4        as an investigator of the department of the attorney  
5        general;

6        [~~(D)~~] (4) After June 30, 1989, if the member has at least  
7        ten years of credited service, of which the last five  
8        or more years prior to retirement is credited service  
9        as a narcotics enforcement investigator;

10       [~~(E)~~] (5) After December 31, 1993, if the member has at  
11       least ten years of credited service, of which the last  
12       five or more years prior to retirement is credited  
13       service as a water safety officer;

14       [~~(F)~~] (6) After June 30, 1994, if the member has at least  
15       ten years of credited service, of which the last five  
16       or more years prior to retirement are credited service  
17       as a public safety investigations staff investigator;

18       [~~(G)~~] (7) After June 30, 2002, if the member:

19       [~~(i)~~] (A) Has at least ten years of credited service  
20       as a firefighter;



1           ~~[(i)]~~ (B) Is deemed permanently medically disqualified  
2           due to a service related disability to be a  
3           firefighter by the employer's physician; and  
4           ~~[(iii)]~~ (C) Continues employment in a class A or B  
5           position other than a firefighter; and  
6           ~~[(H)]~~ (8) After June 30, 2004, if the member:  
7           ~~[(i)]~~ (A) Has at least ten years of credited service  
8           as a police officer;  
9           ~~[(i)]~~ (B) Is deemed permanently medically disqualified  
10           due to a service related disability to be a  
11           police officer by the employer's physician; and  
12           ~~[(iii)]~~ (C) Continues employment in a class A or B  
13           position other than a police officer;  
14 then for each year of service as a firefighter, police officer,  
15 corrections officer, investigator of the department of the  
16 prosecuting attorney, investigator of the department of the  
17 attorney general, narcotics enforcement investigator, water  
18 safety officer, or public safety investigations staff  
19 investigator, the retirement allowance shall be two and one-half  
20 per cent of the member's average final compensation. The  
21 maximum retirement allowance for those members shall not exceed  
22 eighty per cent of the member's average final compensation. If



1 the member has not attained age fifty-five, the member's  
2 retirement allowance shall be computed as though the member had  
3 attained age fifty-five, reduced for age as provided in  
4 subsection ~~[(b)]~~ (e).

5 ~~[(2)]~~ (c) If ~~[the]~~ a member who became a member prior to  
6 \_\_\_\_\_, has credited service as a judge, the member's  
7 retirement allowance shall be computed on the following basis:

8 ~~[(A)]~~ (1) For a member who has credited service as a judge  
9 before July 1, 1999, irrespective of age, for each  
10 year of credited service as a judge, three and one-  
11 half per cent of the member's average final  
12 compensation in addition to an annuity that is the  
13 actuarial equivalent of the member's accumulated  
14 contributions allocable to the period of service;

15 ~~[and]~~

16 ~~[(B)]~~ (2) For a member who first earned credited service as  
17 a judge after June 30, 1999, for each year of credited  
18 service as a judge, three and one-half per cent of the  
19 member's average final compensation in addition to an  
20 annuity that is the actuarial equivalent of the  
21 member's accumulated contributions allocable to the  
22 period of service. If the member has not attained age



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

5 (3) For a member who first earned credited service as a  
6 judge after \_\_\_\_\_, for each year of credited  
7 service as a judge, three per cent of the member's  
8 average final compensation in addition to an annuity  
9 that is the actuarial equivalent of the member's  
10 accumulated contributions allocable to the period of  
11 service. If the member has not attained age fifty-  
12 five, the member's retirement allowance shall be  
13 computed as though the member had attained age fifty-  
14 five, reduced for age as provided in subsection (i);

15 ~~[(c)]~~ (4) For a judge with other credited service, as  
16 provided in [paragraph (1). If] subsection (b);  
17 provided that if the member has not attained age  
18 fifty-five, the member's retirement allowance shall be  
19 computed as though the member had attained age fifty-  
20 five, reduced for age as provided in subsection ~~[(b);~~  
21 ~~or]~~ (e); provided further that if the member has met  
22 the minimum years of service requirement under



1 subsection (b), the retirement allowance attributable  
2 to those years of credited service shall not be  
3 reduced for age; and

4 ~~[(D)]~~ (5) For a judge with credited service as an elective  
5 officer or as a legislative officer, as provided in  
6 ~~[paragraph (3).]~~ subsection (d).

7 No allowance shall exceed seventy-five per cent of the member's  
8 average final compensation. If the allowance exceeds this  
9 limit, it shall be adjusted by reducing the annuity included in  
10 ~~[subparagraphs (A) and (B)]~~ paragraphs (1), (2), and (3), and  
11 the portion of the accumulated contributions specified in ~~[the~~  
12 ~~subparagraphs]~~ paragraphs (1), (2), and (3), in excess of the  
13 requirements of the reduced annuity shall be returned to the  
14 member upon the member's retirement or paid to the member's  
15 designated beneficiary upon the member's death while in service  
16 or while on authorized leave without pay. The allowance for  
17 judges under this ~~[paragraph,]~~ subsection, together with the  
18 retirement allowance provided by the federal government for  
19 similar service, shall in no case exceed seventy-five per cent  
20 of the member's average final compensation~~[+or]~~.

21 ~~[(3)]~~ (d) If ~~[the]~~ a member who became a member before

22 \_\_\_\_\_, has credited service as an elective officer



1 or as a legislative officer, the member's retirement allowance  
2 shall be derived by adding the allowances computed separately  
3 under [~~subparagraphs (A), (B), (C), and (D)~~] paragraphs (1),  
4 (2), (3), (4), (5), and (6) as follows:

5 [~~(A)~~] (1) [~~Irrespective~~] For a member who has credited  
6 service as an elective officer before \_\_\_\_\_,  
7 irrespective of age, for each year of credited service  
8 as an elective officer, three and one-half per cent of  
9 the member's average final compensation as computed  
10 under section 88-81(e)(1), in addition to an annuity  
11 that is the actuarial equivalent of the member's  
12 accumulated contributions allocable to the period of  
13 service; [~~and~~]

14 (2) For a member who first earned credited service as an  
15 elective officer after \_\_\_\_\_, irrespective of age,  
16 for each year of credited service as an elective  
17 officer, three per cent of the member's average final  
18 compensation as computed under section 88-81(e)(1), in  
19 addition to an annuity that is the actuarial  
20 equivalent of the member's accumulated contributions  
21 allocable to the period of service;





1       ~~(B)~~ (3) ~~Irrespective~~ For a member who has credited  
2       service as a legislative officer before \_\_\_\_\_ ,  
3       irrespective of age, for each year of credited service  
4       as a legislative officer, three and one-half per cent  
5       of the member's average final compensation as computed  
6       under section 88-81(e)(2), in addition to an annuity  
7       that is the actuarial equivalent of the member's  
8       accumulated contributions allocable to the period of  
9       service;

10       (4) For a member who first earned credited service as a  
11       legislative officer after \_\_\_\_\_ , irrespective of  
12       age, for each year of credited service as a  
13       legislative officer, three per cent of the member's  
14       average final compensation as computed under section  
15       88-81(e)(2), in addition to an annuity that is the  
16       actuarial equivalent of the member's accumulated  
17       contributions allocable to the period of service;

18       ~~(C)~~ (5) If the member has credited service as a judge,  
19       the member's retirement allowance shall be computed on  
20       the following basis:

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



1 for each year of credited service as a judge,  
2 three and one-half per cent of the member's  
3 average final compensation as computed under  
4 section 88-81(e)(3), in addition to an annuity  
5 that is the actuarial equivalent of the member's  
6 accumulated contributions allocable to the period  
7 of service; and

8 [~~(ii)~~] (B) For a member who first earned credited  
9 service as a judge after June 30, 1999, but  
10 before \_\_\_\_\_, and has attained the age of  
11 fifty-five, for each year of credited service as  
12 a judge, three and one-half per cent of the  
13 member's average final compensation as computed  
14 under section 88-81(e)(3), in addition to an  
15 annuity that is the actuarial equivalent of the  
16 member's accumulated contributions allocable to  
17 the period of service. If the member has not  
18 attained age fifty-five, the member's retirement  
19 allowance shall be computed as though the member  
20 had attained age fifty-five, reduced for age as  
21 provided in subsection [~~(b)~~] (e); and



1           (C) For a member who first earned credited service as  
2           a judge after \_\_\_\_\_, and has attained the age  
3           of fifty-five, for each year of credited service  
4           as a judge, three per cent of the member's  
5           average final compensation as computed under  
6           section 88-81(e)(3), in addition to an annuity  
7           that is the actuarial equivalent of the member's  
8           accumulated contributions allocable to the period  
9           of service. If the member has not attained age  
10           fifty-five, the member's retirement allowance  
11           shall be computed as though the member had  
12           attained age fifty-five, reduced for age as  
13           provided in subsection (i);

14       ~~[(D)]~~ (6) For each year of credited service not included in  
15       ~~[subparagraph (A), (B), or (C),]~~ paragraph (1), (2),  
16       (3), (4), or (5), the average final compensation as  
17       computed under section 88-81(e)(4) shall be multiplied  
18       by two per cent for credited service earned as a class  
19       A or class H member, two and one-half per cent for  
20       credited service earned as a class B member, and one  
21       and one-quarter per cent for credited service earned  
22       as a class C member. If the member has not attained



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

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

21 ~~[(b)-]~~ (e) Except as provided in ~~[subsection (a)-]~~  
22 subsections (b), (c), and (d), if a member who became a member



1 before \_\_\_\_\_, has not attained age fifty-five at the date of  
2 retirement, the member's retirement allowance shall be reduced,  
3 for each month the member's age at the date of retirement is  
4 below age fifty-five, as follows:

5 (1) 0.4166 per cent for each month below age fifty-five

6 and above age forty-nine and eleven months; plus

7 (2) 0.3333 per cent for each month below age fifty and

8 above age forty-four and eleven months; plus

9 (3) 0.2500 per cent for each month below age forty-five

10 and above age thirty-nine and eleven months; plus

11 (4) 0.1666 per cent for each month below age forty;

12 provided that no reduction shall be made if the member has at

13 least twenty-five years of credited service as a firefighter,

14 police officer, corrections officer, investigator of the

15 department of the prosecuting attorney, investigator of the

16 department of the attorney general, narcotics enforcement

17 investigator, public safety investigations staff investigator,

18 sewer worker, or water safety officer, of which the last five or

19 more years prior to retirement is credited service in these

20 capacities.

21 (f) If a member, who became a member after \_\_\_\_\_, has

22 attained age fifty-five, the member's maximum retirement



1 allowance shall be one and three-quarters per cent of the  
2 member's average final compensation multiplied by the total  
3 number of years of the member's credited service as a class A  
4 and B member, excluding any credited service as a judge,  
5 elective officer, or legislative officer, plus a retirement  
6 allowance of one and one-fourth per cent of the member's average  
7 final compensation multiplied by the total number of years of  
8 prior credited service as a class C member, plus a retirement  
9 allowance of one and three-quarters per cent of the member's  
10 average final compensation multiplied by the total number of  
11 years of prior credited service as a class H member; provided  
12 that:

- 13       (1) If the member has at least ten years of credited  
14 service, of which the last five or more years prior to  
15 retirement is credited service as a firefighter,  
16 police officer, or an investigator of the department  
17 of the prosecuting attorney;
- 18       (2) If the member has at least ten years of credited  
19 service, of which the last five or more years prior to  
20 retirement is credited service as a corrections  
21 officer;



1       (3) If the member has at least ten years of credited  
2       service, of which the last five or more years prior to  
3       retirement is credited service as an investigator of  
4       the department of the attorney general;

5       (4) If the member has at least ten years of credited  
6       service, of which the last five or more years prior to  
7       retirement is credited service as a narcotics  
8       enforcement investigator;

9       (5) If the member has at least ten years of credited  
10       service, of which the last five or more years prior to  
11       retirement is credited service as a water safety  
12       officer;

13       (6) If the member has at least ten years of credited  
14       service, of which the last five or more years prior to  
15       retirement is credited service as a public safety  
16       investigations staff investigator;

17       (7) If the member:  
18       (A) Has at least ten years of credited service as a  
19       firefighter;  
20       (B) Is deemed permanently medically disqualified due  
21       to a service related disability to be a  
22       firefighter by the employer's physician; and



1           (C) Continues employment in a class A or B position  
2           other than a firefighter; or

3       (8) If the member:

4           (A) Has at least ten years of credited service as a  
5           police officer;

6           (B) Is deemed permanently medically disqualified due  
7           to a service related disability to be a police  
8           officer by the employer's physician; and

9           (C) Continues employment in a class A or B position  
10          other than a police officer,

11 then for each year of service as a firefighter, police officer,  
12 corrections officer, investigator of the department of the  
13 prosecuting attorney, investigator of the department of the  
14 attorney general, narcotics enforcement investigator, water  
15 safety officer, or public safety investigations staff  
16 investigator, the retirement allowance shall be two and one-  
17 quarter per cent of the member's average final compensation.

18 The maximum retirement allowance for those members shall not  
19 exceed eighty per cent of the member's average final  
20 compensation. If the member has not attained age fifty-five,  
21 the member's retirement allowance shall be computed as though





1 the member had attained age fifty-five, reduced for age as  
2 provided in subsection (i).

3 (g) If a member who became a member after ,  
4 has credited service as a judge, the member's retirement  
5 allowance shall be computed on the following basis:

6 (1) For each year of credited service as a judge, three  
7 per cent of the member's average final compensation in  
8 addition to an annuity that is the actuarial  
9 equivalent of the member's accumulated contributions  
10 allocable to the period of service. If the member has  
11 not attained age fifty-five, the member's retirement  
12 allowance shall be computed as though the member had  
13 attained age fifty-five, reduced for age as provided  
14 in subsection (i);

15 (2) For a judge with other credited service, as provided  
16 in subsection (f). If the member has not attained age  
17 fifty-five, the member's retirement allowance shall be  
18 computed as though the member had attained age fifty-  
19 five, reduced for age as provided in subsection (i);  
20 provided that if the member has met the minimum years  
21 of service requirement under subsection (f), the



1           retirement allowance attributable to those years of  
2           credited service shall not be reduced for age; and

3           (3) For a judge with credited service as an elective  
4           officer or as a legislative officer, as provided in  
5           subsection (h).

6 No allowance shall exceed seventy-five per cent of the member's  
7 average final compensation. If the allowance exceeds this  
8 limit, it shall be adjusted by reducing the annuity included in  
9 paragraph (1), and the portion of the accumulated contributions  
10 specified in paragraph (1) in excess of the requirements of the  
11 reduced annuity shall be returned to the member upon the  
12 member's retirement or paid to the member's designated  
13 beneficiary upon the member's death while in service or while on  
14 authorized leave without pay. The allowance for judges under  
15 this subsection, together with the retirement allowance provided  
16 by the federal government for similar service, shall in no case  
17 exceed seventy-five per cent of the member's average final  
18 compensation.

19           (h) If a member who becomes a member after           , has  
20 credited service as an elective officer or as a legislative  
21 officer, the member's retirement allowance shall be derived by



1 adding the allowances computed separately under paragraphs (1),  
2 (2), (3), and (4) as follows:

3 (1) Irrespective of age, for each year of credited service  
4 as an elective officer, three per cent of the member's  
5 average final compensation as computed under section  
6 88-81(f)(1), in addition to an annuity that is the  
7 actuarial equivalent of the member's accumulated  
8 contributions allocable to the period of service;

9 (2) Irrespective of age, for each year of credited service  
10 as a legislative officer, three per cent of the  
11 member's average final compensation as computed under  
12 section 88-81(f)(2), in addition to an annuity that is  
13 the actuarial equivalent of the member's accumulated  
14 contributions allocable to the period of service;

15 (3) Irrespective of age, for each year of credited service  
16 as a judge, three per cent of the member's average  
17 final compensation as computed under section 88-  
18 81(f)(3), in addition to an annuity that is the  
19 actuarial equivalent of the member's accumulated  
20 contributions allocable to the period of service; and

21 (4) For each year of credited service not included in  
22 paragraph (1), (2), or (3), the average final



1 compensation as computed under section 88-81(f) (4)  
2 shall be multiplied by one and three-quarters per cent  
3 for credited service earned as a class A or class H  
4 member, two and one-quarter per cent for credited  
5 service earned as a class B member, and one and one-  
6 quarter per cent for credited service earned as a  
7 class C member. If the member has not attained age  
8 fifty-five, the member's retirement allowance shall be  
9 computed as though the member had attained age  
10 fifty-five, reduced for age as provided in  
11 subsection (i).

12 The total retirement allowance shall not exceed seventy-five per  
13 cent of the member's highest average final compensation  
14 calculated under section 88-81(f) (1), (2), (3), or (4). If the  
15 allowance exceeds this limit, it shall be adjusted by reducing  
16 any annuity accrued under paragraphs (1), (2), and (3) and the  
17 portion of the accumulated contributions specified in these  
18 paragraphs in excess of the requirements of the reduced annuity  
19 shall be returned to the member upon the member's retirement or  
20 paid to the member's designated beneficiary upon the member's  
21 death while in service or while on authorized leave without pay.  
22 If a member has service credit as an elective officer or as a



1 legislative officer in addition to service credit as a judge,  
2 then the retirement benefit calculation contained in this  
3 subsection shall supersede the formula contained in  
4 subsection (g).

5 (i) Except as provided in subsections (f), (g), and (h),  
6 if a member, who becomes a member after \_\_\_\_\_, has not  
7 attained age fifty-five at the date of retirement, the member's  
8 retirement allowance shall be reduced, for each month the  
9 member's age at the date of retirement is below age fifty-five,  
10 as follows:

11 (1) 0.4166 per cent for each month below age fifty-five  
12 and above age forty-nine and eleven months; plus

13 (2) 0.3333 per cent for each month below age fifty and  
14 above age forty-four and eleven months; plus

15 (3) 0.2500 per cent for each month below age forty-five  
16 and above age thirty-nine and eleven months; plus

17 (4) 0.1666 per cent for each month below age forty;

18 provided that no reduction shall be made if the member has at  
19 least twenty-five years of credited service as a firefighter,  
20 police officer, corrections officer, investigator of the  
21 department of the prosecuting attorney, investigator of the  
22 department of the attorney general, narcotics enforcement



1 investigator, public safety investigations staff investigator,  
2 sewer worker, water safety officer, or emergency medical  
3 technician, of which the last five or more years prior to  
4 retirement is credited service in these capacities."

5 SECTION 5. Section 88-74.6, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§88-74.6 Unreduced allowance on service retirement; when**  
8 **applicable.** In addition to those positions identified in  
9 section [~~88-74(b)~~] 88-74(e) and notwithstanding any law in this  
10 part that requires a member to attain age fifty-five to qualify  
11 for an unreduced service retirement allowance, if [~~the~~] a member  
12 who became a member before \_\_\_\_\_, has at least [~~thirty~~]:

- 13 (1) Thirty years of credited service through June 30,  
14 2003; [~~twenty-nine~~]
- 15 (2) Twenty-nine years of credited service on or after  
16 July 1, 2004; [~~twenty-eight~~]
- 17 (3) Twenty-eight years of credited service on or after  
18 July 1, 2005; [~~twenty-seven~~]
- 19 (4) Twenty-seven years of credited service on or after  
20 July 1, 2006; [~~twenty-six~~]
- 21 (5) Twenty-six years of credited service on or after  
22 July 1, 2007; and [~~twenty-five~~]



1           (6) Twenty-five years of credited service on or after  
2           July 1, 2008,  
3 as an emergency medical technician, of which the last five or  
4 more years prior to retirement is credited service in that  
5 capacity, then upon retirement and irrespective of age, that  
6 member's service retirement allowance shall not be reduced for  
7 actuarial purposes."

8           SECTION 6. Section 88-81, Hawaii Revised Statutes, is  
9 amended to read as follows:

10           "**§88-81 Average final compensation.** (a) Average final  
11 compensation is the average annual compensation pay or salary  
12 upon which a member has made contributions as required by parts  
13 II, VII, and VIII of this chapter.

14           (b) The average final compensation of members shall be  
15 calculated as follows:

16           (1) For employees who become members [~~prior to~~] before  
17 January 1, 1971:

18           (A) During the member's five highest paid years of  
19 credited service, including vacation pay, or the  
20 three highest paid years of credited service  
21 excluding vacation pay, whichever is greater; or



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

4 (2) For employees who become members [~~on or after~~  
5 January 1, 1971:] after December 31, 1970, but before  
6 \_\_\_\_\_ :

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

9 (B) If the member has [~~less~~] fewer than three years  
10 of credited service, during the member's actual  
11 years of credited service[~~-~~]; and

12 (3) For employees who become members after \_\_\_\_\_ :

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

15 (B) If the member has fewer than five years of  
16 credited service, during the member's actual  
17 years of credited service.

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

21 (d) For service rendered as a member of the legislature  
22 from and after November 5, 1968, the actual annual salary of a





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

18 (e) If a member who became a member before \_\_\_\_\_, has  
19 credited service rendered as an elective officer or as a  
20 legislative officer, the member's average final compensation  
21 shall be computed separately for each category of service as  
22 follows:



- 1 (1) For the three highest paid years of credited service  
2 as an elective officer, or if the member has [~~less~~]  
3 fewer than three years of credited service in that  
4 capacity, then the member's actual years of credited  
5 service;
- 6 (2) For the three highest paid years of credited service  
7 as a legislative officer, or if the member has [~~less~~]  
8 fewer than three years of credited service in that  
9 capacity, then the member's actual years of credited  
10 service;
- 11 (3) For the three highest paid years of credited service  
12 as a judge, or if the member has [~~less~~] fewer than  
13 three years of credited service in that capacity, then  
14 the member's actual years of credited service; and
- 15 (4) For the three highest paid years of credited service  
16 not included in paragraph (1), (2), or (3), or if the  
17 member has [~~less~~] fewer than three years of credited  
18 service in that capacity, then the member's actual  
19 years of credited service.
- 20 (f) If a member who became a member after \_\_\_\_\_, has  
21 credited service rendered as an elective officer or as a  
22 legislative officer, the member's average final compensation



1 shall be computed separately for each category of service as  
2 follows:

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

20 SECTION 7. Section 88-90, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           "**§88-90 Post retirement allowances.** (a) There shall be  
2 payable to each person receiving any pension, annuity, or  
3 retirement allowance[~~r~~] a post retirement allowance [~~which~~] that  
4 shall consist of an amount equivalent to one and one-half per  
5 cent of the monthly pension, annuity, or retirement allowance as  
6 originally computed, approved, and paid. This benefit shall be  
7 added to the monthly pension, annuity, or retirement allowance  
8 on the first day of July in each year following June 30, 1961,  
9 as follows:

10           (1) To each person receiving a pension, annuity, or  
11 retirement allowance on June 30, 1961, payment of the  
12 benefit shall commence on July 1, 1961, except that  
13 after June 30, 1963, the monthly benefits payable  
14 under this subsection shall be computed and paid on  
15 the basis of the number of years that has elapsed  
16 since the person entitled thereto first became the  
17 recipient of the pension, annuity, or retirement  
18 allowance from which the benefit is derived[~~r~~]; and

19           (2) To each person first receiving a pension, annuity or  
20 retirement allowance after June 30, 1961, payment of  
21 the benefit shall commence on the first of July  
22 following the calendar year in which the payment of



1 the pension, annuity, or retirement allowance is  
2 effective.

3 (b) After June 30, 1970, the post retirement allowance  
4 shall consist of an amount equivalent to two and one-half per  
5 cent of the monthly pension, annuity, or retirement allowance as  
6 originally computed and paid. This benefit shall be payable on  
7 the first day of July in each year following June 30, 1970, as  
8 follows:

9 (1) To each person, who on June 30, 1970, was receiving a  
10 post retirement allowance as described under  
11 subsection (a) hereof, payment of the benefit shall  
12 commence on July 1, 1970[-]; and

13 (2) To each person first receiving a pension, annuity, or  
14 retirement allowance after December 31, 1968, payment  
15 of the benefit shall commence on the first day of July  
16 following the calendar year in which the payment of  
17 the pension, annuity, or retirement allowance is  
18 effective.

19 (c) Notwithstanding subsections (a) and (b), for employees  
20 who become members after \_\_\_\_\_, and for any person who  
21 receives a monthly pension, annuity, or retirement allowance as  
22 a beneficiary or survivor of the employee, the post retirement



1 allowance shall consist of an amount equivalent to one and one-  
 2 half per cent of the monthly pension, annuity, or retirement  
 3 allowance as originally computed and paid. Payment of the  
 4 benefit shall commence on the first day of July following the  
 5 calendar year in which the payment of the pension, annuity, or  
 6 retirement allowance is effective."

7 SECTION 8. Section 88-96, Hawaii Revised Statutes, is  
 8 amended by amending subsections (a) and (b) to read as follows:

9 "(a) Any member who ceases to be an employee and who  
 10 becomes a member before , and has fewer than five  
 11 years of credited service, excluding unused sick leave, or who  
 12 becomes a member after , and has fewer than ten year of  
 13 credited service, excluding sick leave, shall, upon application  
 14 to the board, [~~shall~~] be paid all of the member's accumulated  
 15 contributions and the member's membership shall thereupon  
 16 terminate and all credited service shall be forfeited; provided  
 17 that a member shall not be paid the member's accumulated  
 18 contributions:

19 (1) If the member becomes an employee again within fifteen  
 20 calendar days from the date the member ceased to be an  
 21 employee; or



1 (2) If, at the time the application for return of  
2 accumulated contributions is received by the board,  
3 the member has become an employee again.

4 Regular interest shall be credited to the former employee's  
5 account until the former employee's accumulated contributions  
6 are returned to the former employee; provided that the former  
7 employee's membership shall not continue after the fourth full  
8 year following the calendar year in which the individual's  
9 employment terminates. Upon termination of the former  
10 employee's membership, the former employee's credited service  
11 shall be forfeited and, if the former employee's accumulated  
12 contributions are \$1,000 or less at the time of distribution,  
13 the system shall return the former employee's contributions to  
14 the former employee. If the former employee does not become an  
15 employee again and if the former employee's accumulated  
16 contributions have not been withdrawn by the former employee or  
17 previously returned by the system to the former employee, the  
18 system shall return the former employee's accumulated  
19 contributions to the former employee as soon as possible after  
20 the former employee attains age sixty-two.

21 (b) Any member [~~having five or more years of credited~~  
22 ~~service~~] who ceases to be an employee[~~7~~] and who becomes a



1 member before , and has more than five years of  
2 credited service, excluding unused sick leave, or who becomes a  
3 member after , and has more than ten years of credited  
4 service, excluding sick leave, shall, upon application to the  
5 board, [~~shall~~] be paid all of the member's accumulated  
6 contributions and thereupon the former employee's membership  
7 shall terminate and all credited service shall be forfeited;  
8 provided that a member shall not be paid the member's  
9 accumulated contributions:

10 (1) If the member becomes an employee again within fifteen  
11 calendar days from the date the member ceased to be an  
12 employee; or

13 (2) If, at the time the application for return of  
14 accumulated contributions is received by the board,  
15 the member has become an employee again.

16 If the contributions are not withdrawn by the former employee  
17 within four calendar years following the calendar year in which  
18 the former employee's employment terminates, the former employee  
19 shall have established vested benefit status and shall be  
20 eligible for the service retirement benefit in effect at the  
21 time of the former employee's retirement, payable in accordance  
22 with this chapter; provided that if the former employee





1 withdraws the former employee's accumulated contributions, the  
2 former employee's vested benefit status shall terminate and all  
3 credited service shall be forfeited."

4 SECTION 9. Section 88-311, Hawaii Revised Statutes, is  
5 amended by amending the definition of "hypothetical account  
6 balance" to read as follows:

7 "Hypothetical account balance" means:

8 (1) For members who became members before \_\_\_\_\_, the  
9 sum of:

10 [~~+1~~] (A) One and one-half times the sum of:

11 [~~+A~~] (i) Employee contributions made, either by  
12 the member or on behalf of the member,  
13 pursuant to section 88-325; and

14 [~~+B~~] (ii) Accumulated interest at the regular  
15 interest rate on the employee contributions;  
16 and

17 [~~+2~~] (B) Any employee contributions, including rollovers  
18 and contributions used to convert credited service to  
19 class H credited service, or used to purchase service,  
20 and accumulated interest on the employee contributions  
21 at the regular interest rate~~-~~; or



- 1           (2) For members who become members after \_\_\_\_\_, the
- 2           sum of:
- 3           (A) One and one-fifth times the sum of:
- 4                 (i) Employee contributions made, either by the
- 5                 member or on behalf of the member, pursuant
- 6                 to section 88-325; and
- 7                 (ii) Accumulated interest at the regular interest
- 8                 rate on the employee contributions; and
- 9           (B) Any employee contributions, including rollovers
- 10           and contributions used to convert credited
- 11           service to class H credited service, or used to
- 12           purchase service, and accumulated interest on the
- 13           employee contributions at the regular interest
- 14           rate."

15           SECTION 10. Section 88-325, Hawaii Revised Statutes, is  
 16 amended to read as follows:

17           "~~§~~88-325~~§~~ **Employee contributions.** (a) Each class H  
 18 member who became a member before \_\_\_\_\_, shall contribute  
 19 six per cent of the member's compensation to the annuity savings  
 20 fund; provided that each sewer worker, water safety officer, and  
 21 emergency medical technician who became a member before \_\_\_\_\_,  
 22 and is a class H member shall contribute nine and ~~seventy-five~~



1 ~~one-hundredths]~~ three-quarters per cent of the member's  
2 compensation to the annuity savings fund for service in that  
3 capacity.

4 (b) Each class H member who becomes a member after  
5 \_\_\_\_\_ , shall contribute eight per cent of the member's  
6 compensation to the annuity savings fund; provided that each  
7 sewer worker, water safety officer, and emergency medical  
8 technician who becomes a member after \_\_\_\_\_ , and is a class  
9 H member shall contribute eleven and three-quarters per cent of  
10 the member's compensation to the annuity savings fund for  
11 service in that capacity."

12 SECTION 11. Section 88-331, Hawaii Revised Statutes, is  
13 amended by amending subsection (a) to read as follows:

14 "(a) A class H member who:  
15 (1) Became a member before \_\_\_\_\_ , and has at least  
16 five years of credited service and has attained age  
17 sixty-two [~~, or a class H member with~~];  
18 (2) Became a member before \_\_\_\_\_ , and has at least  
19 thirty years credited service [~~who~~] and has attained  
20 the age of fifty-five; or



1       (3) Becomes a member after , and has at least ten  
2       years of credited service and has attained age sixty-  
3       five;

4 shall become eligible to receive a retirement allowance after  
5 the member has terminated service."

6       SECTION 12. Section 88-332, Hawaii Revised Statutes, is  
7 amended to read as follows:

8       "**§88-332 Service retirement allowance.** (a) Upon  
9 retirement from service, a class H member who became a member  
10 before , shall receive a maximum retirement allowance  
11 as follows:

12       (1) If the member has met the requirements in section  
13       88-331(a), (b), or (d), a maximum retirement allowance  
14       of two per cent of the average final compensation  
15       multiplied by the number of years of class H credited  
16       service, plus a retirement allowance at the rate of  
17       one and one-fourth per cent of the member's average  
18       final compensation multiplied by the number of years  
19       of class C credited service; or

20       (2) If the member has met the requirements in section  
21       88-331(c), an early retirement allowance equal to the  
22       maximum retirement allowance calculated as provided in



1 paragraph (1), reduced by 0.4166 per cent for each  
2 month the member is less than age sixty-two at  
3 retirement.

4 (b) Upon retirement from service, a class H member who  
5 became a member after , shall receive a maximum  
6 retirement allowance as follows:

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

15 (2) If the member has met the requirements in section  
16 88-331(c), an early retirement allowance equal to the  
17 maximum retirement allowance calculated as provided in  
18 paragraph (1), reduced by 0.4166 per cent for each  
19 month the member is less than age sixty-five at  
20 retirement."

21 SECTION 13. Section 88-341, Hawaii Revised Statutes, is  
22 amended by amending subsections (a) and (b) to read as follows:



1           "(a) Any class H member who ceases to be an employee and  
2 who became a member before \_\_\_\_\_, and has fewer than five  
3 years of credited service, excluding unused sick leave, [~~shall~~]  
4 or who becomes a member after \_\_\_\_\_, and has fewer than ten  
5 years of credited service, excluding unused sick leave, upon  
6 application to the board, shall be paid all of the former  
7 employee's accumulated contributions, and the former employee's  
8 membership shall thereupon terminate and all credited service  
9 shall be forfeited; provided that an individual shall not be  
10 paid the individual's accumulated contributions if either:

- 11           (1) The individual becomes an employee again within  
12           fifteen calendar days from the date the individual  
13           ceased to be an employee; or  
14           (2) At the time the application for return of accumulated  
15           contributions is received by the board, the individual  
16           has become an employee again.

17           Regular interest shall be credited to the former employee's  
18 account until the former employee's accumulated contributions  
19 are withdrawn; provided that the former employee's membership  
20 shall not continue after the fourth full year following the  
21 calendar year in which the individual's employment terminates.

22 If the former employee does not become an employee again and has



1 not withdrawn the former employee's accumulated contributions,  
2 the system shall return the former employee's accumulated  
3 contributions to the former employee as soon as possible after  
4 the former employee attains age sixty-two.

5 (b) Any class H member [~~having five or more years of~~  
6 ~~credited service~~] who ceases to be an employee[7] and who became  
7 a member before , and has more than five years of  
8 credited service, excluding unused sick leave, or who becomes a  
9 member after , and has more than ten years of credited  
10 service, excluding sick leave, upon application to the board,  
11 shall be paid an amount equal to the former employee's  
12 hypothetical account balance and the former employee's  
13 membership shall thereupon terminate and all credited service  
14 shall be forfeited; provided that the individual shall not be  
15 paid the individual's hypothetical account balance if either:

- 16 (1) The individual becomes an employee again within  
17 fifteen calendar days from the date the individual  
18 ceased to be an employee; or
- 19 (2) At the time the application for payment of the  
20 individual's hypothetical account balance is received  
21 by the board, the individual has become an employee  
22 again.



1           If the contributions are not withdrawn by the former  
2 employee after the individual's employment terminates, the  
3 former employee shall have vested benefit status and shall be  
4 eligible for the service retirement benefit in effect at the  
5 time of the former employee's retirement, payable in accordance  
6 with this chapter."

7           SECTION 14. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9           SECTION 15. This Act shall take effect on July 1, 2050.





**Report Title:**

Employees' Retirement System

**Description:**

Amends retirement benefits for state and county employees who become members of the employees' retirement system after Effective 07/01/2050. (SD2)

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

