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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 88-105, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) At least once in each five-year period, commencing  
4 with fiscal year 1994-1995, the actuary shall make an actuarial  
5 investigation of the experience of the system and shall  
6 recommend to the board of trustees the adoption for actuarial  
7 valuation of the system of mortality, service, and other  
8 assumptions, factors, and tables as shall be deemed appropriate  
9 and necessary [~~, and the actuary shall recommend to the~~  
10 ~~legislature for its adoption the investment yield rate]~~. The  
11 actuary shall further recommend the acceptable funded ratio for  
12 the system, taking into consideration the guaranties of article  
13 XVI, section 2 of the state constitution, section 88-107, and  
14 section 88-127."

15           SECTION 2. Section 88-122, Hawaii Revised Statutes, is  
16 amended by amending subsection (b) to read as follows:

17           "(b) The actuarial valuations [~~made for years after June~~  
18 ~~30, 1999,~~] shall be based on [~~an eight per cent investment yield~~



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1 ~~rate, salary increase assumptions adopted by the board on the~~  
2 ~~recommendation of the actuary described under section 88-30,~~  
3 ~~and] the contribution rates approved by the legislature, and the~~  
4 ~~tables, [contribution rates,] assumptions, and factors adopted~~  
5 ~~by the board [or legislature] for actuarial valuations of the~~  
6 ~~system[, subject to recommendations made by the actuary~~  
7 ~~appointed under section 88-29.]; provided that the investment~~  
8 ~~yield rate assumption for the year ending June 30, 2011, shall~~  
9 ~~be seven and three-quarters per cent."~~

10 SECTION 3. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect on June 30, 2011.

13 INTRODUCED BY:                     Cecil H. Day                      
JAN 24 2011

**Report Title:**

Employees' Retirement System; Board of Trustees; Powers and Duties; Actuarial Assumptions

**Description:**

Reduces the investment return yield rate assumption for ERS for the fiscal year ending 06/30/11, to 7 3/4%. Authorizes the ERS board of trustees to set the investment return yield rate assumption after 06/30/11, based on recommendations of the actuary.

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