

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

8 SECTION 2. Section 88-59.5, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) Any member who on July 1, 1991, was serving or
11 previously served as an assistant clerk or assistant sergeant at
12 arms of either house of the legislature and becomes eligible for
13 retirement benefits as a class A member as provided under
14 sections 88-73(a), [~~88-74(a)(3),~~] 88-74(d), and 88-76 shall be
15 entitled to full service credit as a class A member for any
16 eligible service prior to July 1, 1991; provided that:

17 (1) The member claims those years as membership service
18 credit and purchases that membership service credit in
19 accordance with section 88-59; and

20 (2) Notwithstanding any other law to the contrary:

21 (A) If the member was a class A member of the system
22 and elected to become a class C member pursuant



1 to section 88-271, the member repurchases all the
2 years of service as a class C member in
3 accordance with the procedures under section 88-
4 59 to regain standing as a contributory member;
5 and

6 (B) A class C member shall be credited for service as
7 an assistant clerk or assistant sergeant at arms
8 under section 88-59 in a lump sum nonrefundable
9 payment and receive retirement benefits as
10 provided in this section."

11 SECTION 3. Section 88-62, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§88-62 Return to service of a former member.** (a) For
14 members who became members before July 1, 2012:

15 (1) If a former member who has less than five years of
16 credited service and who has been out of service for a
17 period of four full calendar years or more after the
18 year in which the former member left service, or if a
19 former member who withdrew the former member's
20 accumulated contributions returns to service, the
21 former member shall become a member in the same manner
22 and under the same conditions as anyone first entering



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



1 contributions for the service the member had when the
2 member previously terminated employment.

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

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



- 1 [~~(1)~~] (A) If the member returns to service as a class A or
2 class B member, the member's new and previous
3 accumulated contributions shall be combined; or
- 4 [~~(2)~~] (B) If the member returns to service after June 30,
5 2006, as a class H member, section 88-321(b) shall
6 apply~~[=]~~; and
- 7 [~~(e)~~] (3) If a former member with five or more years of
8 credited service who did not withdraw [~~his~~] the former
9 member's contributions returns to service, [~~his~~] the
10 former member's status shall be in accordance with the
11 provisions described in section 88-97.
- 12 (b) For members who become members after June 30, 2012:
- 13 (1) If a former member who has less than ten years of
14 credited service and who has been out of service for a
15 period of four full calendar years or more after the
16 year in which the former member left service, or if a
17 former member who withdrew the former member's
18 accumulated contributions returns to service, the
19 former member shall become a member in the same manner
20 and under the same conditions as anyone first entering
21 service; however, the former member may obtain
22 membership service credit in the manner provided by



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



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

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

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



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

3 and

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

9 SECTION 4. Section 88-73, Hawaii Revised Statutes, is
10 amended by amending subsections (a) and (b) to read as follows:

11 "(a) Any member who:

12 (1) Became a member before July 1, 2012, and has at least
13 five years of credited service and [~~who~~] has attained
14 age fifty-five [~~or any member who has~~];

15 (2) Become a member before July 1, 2012, and has at least
16 twenty-five years of credited service [~~or any member~~
17 ~~who has~~];

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



1 (4) Becomes a member after June 30, 2012, and has at least
2 ten years of credited service and has attained age
3 sixty; or

4 (5) Becomes a member after June 30, 2012, and has at least
5 twenty-five years of credited service and has attained
6 age fifty-five;

7 shall become eligible to receive a retirement allowance after
8 the member has terminated service.

9 (b) Any member who first earned credited service as a
10 judge after June 30, 1999, but before July 1, 2012, and who has
11 at least five years of credited service and has attained age
12 fifty-five or has at least twenty-five years of credited service
13 shall become eligible to receive a retirement allowance after
14 the member has terminated service. Any member who first earned
15 credited service as a judge after June 30, 2012, and has at
16 least ten years of credited service and has attained age sixty
17 or has at least twenty-five years of credited service and has
18 attained age fifty-five shall be eligible to receive a
19 retirement allowance after the member has terminated service."

20 SECTION 5. Section 88-74 , Hawaii Revised Statutes, is
21 amended to read as follows:



1 "**§88-74 Allowance on service retirement.** (a) Upon
2 retirement from service, a member shall receive a maximum
3 retirement allowance as ~~[follows:]~~ provided in this section.

4 ~~[(1)]~~ (b) If [the] a member, who became a member before
5 July 1, 2012, has attained age fifty-five, [a] the member's
6 maximum retirement allowance ~~[of]~~ shall be two per cent of the
7 member's average final compensation multiplied by the total
8 number of years of the member's credited service as a class A
9 and class B member, excluding any credited service as a judge,
10 elective officer, or legislative officer, plus a retirement
11 allowance of one and one-fourth per cent of the member's average
12 final compensation multiplied by the total number of years of
13 prior credited service as a class C member, plus a retirement
14 allowance of two per cent of the member's average final
15 compensation multiplied by the total number of years of prior
16 credited service as a class H member; provided that:

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



- 1 [~~B~~] (2) After June 30, 1977, 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 a corrections officer;
- 5 [~~C~~] (3) After June 16, 1981, if the member has at least
6 ten years of credited service of which the last five
7 or more years prior to retirement is credited service
8 as an investigator of the department of the attorney
9 general;
- 10 [~~D~~] (4) After June 30, 1989, if the member has at least
11 ten years of credited service of which the last five
12 or more years prior to retirement is credited service
13 as a narcotics enforcement investigator;
- 14 [~~E~~] (5) After December 31, 1993, if the member has at
15 least ten years of credited service of which the last
16 five or more years prior to retirement is credited
17 service as a water safety officer;
- 18 [~~F~~] (6) After June 30, 1994, if the member has at least
19 ten years of credited service, of which the last five
20 or more years prior to retirement are credited service
21 as a public safety investigations staff investigator;
- 22 [~~G~~] (7) After June 30, 2002, if the member:



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

3 ~~[(ii)]~~ (B) Is deemed permanently medically disqualified
4 due to a service related disability to be a
5 firefighter by the employer's physician; and

6 ~~[(iii)]~~ (C) Continues employment in a class A or B
7 position other than a firefighter; and

8 ~~[(H)]~~ (8) After June 30, 2004, if the member:

9 ~~[(i)]~~ (A) Has at least ten years of credited service
10 as a police officer;

11 ~~[(ii)]~~ (B) Is deemed permanently medically disqualified
12 due to a service related disability to be a
13 police officer by the employer's physician; and

14 ~~[(iii)]~~ (C) Continues employment in a class A or B
15 position other than a police officer;

16 then for each year of service as a firefighter, police officer,

17 corrections officer, investigator of the department of the

18 prosecuting attorney, investigator of the department of the

19 attorney general, narcotics enforcement investigator, water

20 safety officer, or public safety investigations staff

21 investigator, the retirement allowance shall be two and one-half

22 per cent of the member's average final compensation. The .



1 maximum retirement allowance for those members shall not exceed
2 eighty per cent of the member's average final compensation. If
3 the member has not attained age fifty-five, the member's
4 retirement allowance shall be computed as though the member had
5 attained age fifty-five, reduced for age as provided in
6 subsection ~~[(b)]~~ (e).

7 ~~[(2)]~~ (c) If [the] a member, who became a member prior to
8 July 1, 2012, has credited service as a judge, the member's
9 retirement allowance shall be computed on the following basis:

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

17 ~~-(B)]~~ (2) For a member who first earned credited service as
18 a judge after June 30, 1999, but before July 1, 2012,
19 for each year of credited service as a judge, three
20 and one-half per cent of the member's average final
21 compensation in addition to an annuity that is the
22 actuarial equivalent of the member's accumulated



1 contributions allocable to the period of service. If
2 the member has not attained age fifty-five, the
3 member's retirement allowance shall be computed as
4 though the member had attained age fifty-five, reduced
5 for age as provided in subsection ~~[(b); or]~~ (e);

6 ~~[(e)]~~ (3) For a member who first earned credited service as
7 a judge after June 30, 2012, for each year of credited
8 service as a judge, three per cent of the member's
9 average final compensation in addition to an annuity
10 that is the actuarial equivalent of the member's
11 accumulated contributions allocable to the period of
12 service. If the member has not attained age sixty,
13 the member's retirement allowance shall be computed as
14 though the member had attained age sixty, reduced for
15 age as provided in subsection (i);

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



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

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

18 ~~[(3)]~~ (d) If ~~[the]~~ a member, who became a member before
19 July 1, 2012, has credited service as an elective officer or as
20 a legislative officer, the member's retirement allowance shall
21 be derived by adding the allowances computed separately under



1 ~~[subparagraphs (A), (B), (C), and (D)]~~ paragraphs (1), (2), (3),
2 (4), (5), and (6) as follows:

3 ~~[(A) Irrespective]~~ (1) For a member who has credited
4 service as an elective officer before July 1, 2012,
5 irrespective of age, for each year of credited service
6 as an elective officer, three and one-half per cent of
7 the member's average final compensation as computed
8 under section 88-81(e)(1), 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; [and]

12 (2) For a member, who first earned credited service as an
13 elective officer after June 30, 2012, irrespective of
14 age, for each year of credited service as an elective
15 officer, three per cent of the member's average final
16 compensation as computed under section 88-81(e)(1), in
17 addition to an annuity that is the actuarial
18 equivalent of the member's accumulated contributions
19 allocable to the period of service;

20 ~~[(B) Irrespective]~~ (3) For a member who has credited
21 service as a legislative officer before July 1, 2012,
22 irrespective of age, for each year of credited service



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

7 (4) For a member who first earned credited service as a
8 legislative officer after June 30, 2012, irrespective
9 of age, for each year of credited service as a
10 legislative officer, three per cent of the member's
11 average final compensation as computed under section
12 88-81(e)(2), 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 [~~(c)~~] (5) If the member has credited service as a judge,
16 the member's retirement allowance shall be computed on
17 the following basis:

18 [~~(i)~~] (A) For a member who has credited service as a
19 judge before July 1, 1999, irrespective of age,
20 for each year of credited service as a judge,
21 three and one-half per cent of the member's
22 average final compensation as computed under



1 section 88-81(e)(3), in addition to an annuity
2 that is the actuarial equivalent of the member's
3 accumulated contributions allocable to the period
4 of service; [and

5 ~~(ii)~~ (B) For a member who first earned credited
6 service as a judge after June 30, 1999, but
7 before July 1, 2012, and has attained the age of
8 fifty-five, for each year of credited service as
9 a judge, three and one-half per cent of the
10 member's average final compensation as computed
11 under section 88-81(e)(3), in addition to an
12 annuity that is the actuarial equivalent of the
13 member's accumulated contributions allocable to
14 the period of service: If the member has not
15 attained age fifty-five, the member's retirement
16 allowance shall be computed as though the member
17 had attained age fifty-five, reduced for age as
18 provided in subsection ~~[(b)]~~ (e); and

19 (C) For a member who first earned credited service as
20 a judge after June 30, 2012, and has attained the
21 age of sixty, for each year of credited service
22 as a judge, three per cent of the member's



1 average final compensation as computed under
2 section 88-81(e)(3), in addition to an annuity
3 that is the actuarial equivalent of the member's
4 accumulated contributions allocable to the period
5 of service. If the member has not attained age
6 sixty, the member's retirement allowance shall be
7 computed as though the member had attained age
8 sixty, reduced for age as provided in subsection
9 (i); and

10 ~~[-D-]~~ (6) For each year of credited service not included in
11 ~~[subparagraph (A), (B), or (C),]~~ paragraph (1), (2),
12 (3), (4), or (5), the average final compensation as
13 computed under section 88-81(e)(4) shall be multiplied
14 by two per cent for credited service earned as a class
15 A or class H member, two and one-half per cent for
16 credited service earned as a class B member, and one
17 and one-quarter per cent for credited service earned
18 as a class C member. If the member has not attained
19 age fifty-five, the member's retirement allowance
20 shall be computed as though the member had attained
21 age fifty-five, reduced for age as provided in
22 subsection ~~[-b-]~~ (e).



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

17 [~~(b)~~] (e) Except as provided in [~~subsection (a)-~~],
18 subsections (b), (c), and (d), if a member, who became a member
19 before July 1, 2012, has not attained age fifty-five at the date
20 of retirement, the member's retirement allowance shall be
21 reduced, for each month the member's age at the date of
22 retirement is below age fifty-five, as follows:



1 (1) 0.4166 per cent for each month below age fifty-five
2 and above age forty-nine and eleven months; plus
3 (2) 0.3333 per cent for each month below age fifty and
4 above age forty-four and eleven months; plus
5 (3) 0.2500 per cent for each month below age forty-five
6 and above age thirty-nine and eleven months; plus
7 (4) 0.1666 per cent for each month below age forty;
8 provided that no reduction shall be made if the member has at
9 least twenty-five years of credited service as a firefighter,
10 police officer, corrections officer, investigator of the
11 department of the prosecuting attorney, investigator of the
12 department of the attorney general, narcotics enforcement
13 investigator, public safety investigations staff investigator,
14 sewer worker, or water safety officer, of which the last five or
15 more years prior to retirement is credited service in these
16 capacities.

17 (f) If a member, who becomes a member after June 30, 2012,
18 has attained age sixty, the member's maximum retirement
19 allowance shall be one and three-fourths per cent of the
20 member's average final compensation multiplied by the total
21 number of years of the member's credited service as a class A
22 and class B member, excluding any credited service as a judge,



1 elective officer, or legislative officer, plus a retirement
2 allowance of one and one-fourth per cent of the member's average
3 final compensation multiplied by the total number of years of
4 prior credited service as a class C member, plus a retirement
5 allowance of one and three-fourths per cent of the member's
6 average final compensation multiplied by the total number of
7 years of prior credited service as a class H member; provided
8 that:

9 (1) 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 firefighter,
12 police officer, or an investigator of the department
13 of the prosecuting attorney;

14 (2) If the member has at least ten years of credited
15 service of which the last five or more years prior to
16 retirement is credited service as a corrections
17 officer;

18 (3) 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 an investigator of
21 the department of the attorney general;



- 1 (4) 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 a narcotics
4 enforcement investigator;
- 5 (5) 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 water safety
8 officer;
- 9 (6) 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 public safety
12 investigations staff investigator;
- 13 (7) If the member:
- 14 (A) Has at least ten years of credited service as a
15 firefighter;
- 16 (B) Is deemed permanently medically disqualified due
17 to a service related disability to be a
18 firefighter by the employer's physician; and
- 19 (C) Continues employment in a class A or class B
20 position other than a firefighter;
- 21 and
- 22 (8) If the member:



- 1 (A) Has at least ten years of credited service as a
2 police officer;
- 3 (B) Is deemed permanently medically disqualified due
4 to a service related disability to be a police
5 officer by the employer's physician; and
- 6 (C) Continues employment in a class A or class B
7 position other than a police officer,
8 then for each year of service as a firefighter, police officer,
9 corrections officer, investigator of the department of the
10 prosecuting attorney, investigator of the department of the
11 attorney general, narcotics enforcement investigator, water
12 safety officer, or public safety investigations staff
13 investigator, the retirement allowance shall be two and one-
14 fourth per cent of the member's average final compensation. The
15 maximum retirement allowance for those members shall not exceed
16 eighty per cent of the member's average final compensation. If
17 the member has not attained age sixty, the member's retirement
18 allowance shall be computed as though the member had attained
19 age sixty, reduced for age as provided in subsection (i).
- 20 (g) If a member, who becomes a member after June 30, 2012,
21 has credited service as a judge, the member's retirement
22 allowance shall be computed on the following basis:



- 1 (1) For each year of credited service as a judge, three
2 per cent of the member's average final compensation in
3 addition to an annuity that is the actuarial
4 equivalent of the member's accumulated contributions
5 allocable to the period of service. If the member has
6 not attained age sixty, the member's retirement
7 allowance shall be computed as though the member had
8 attained age sixty, reduced for age as provided in
9 subsection (i); and
- 10 (2) For a judge with other credited service, as provided
11 in subsection (f). If the member has not attained age
12 sixty, the member's retirement allowance shall be
13 computed as though the member had attained age sixty,
14 reduced for age as provided in subsection (i); or
- 15 (3) For a judge with credited service as an elective
16 officer or as a legislative officer, as provided in
17 subsection (h).

18 No allowance shall exceed seventy-five per cent of the member's
19 average final compensation. If the allowance exceeds this
20 limit, it shall be adjusted by reducing the annuity included in
21 paragraph (1) and the portion of the accumulated contributions
22 specified in paragraph (1) in excess of the requirements of the



1 reduced annuity shall be returned to the member upon the
2 member's retirement or paid to the member's designated
3 beneficiary upon the member's death while in service or while on
4 authorized leave without pay. The allowance for judges under
5 this subsection, together with the retirement allowance provided
6 by the federal government for similar service, shall in no case
7 exceed seventy-five per cent of the member's average final
8 compensation.

9 (h) If a member, who becomes a member after June 30, 2012,
10 has credited service as an elective officer or as a legislative
11 officer, the member's retirement allowance shall be derived by
12 adding the allowances computed separately under paragraphs (1),
13 (2), (3), and (4) as follows:

14 (1) Irrespective of age, for each year of credited service
15 as an elective officer, three per cent of the member's
16 average final compensation as computed under section
17 88-81(f)(1), in addition to an annuity that is the
18 actuarial equivalent of the member's accumulated
19 contributions allocable to the period of service;

20 (2) Irrespective of age, for each year of credited service
21 as a legislative officer, three per cent of the
22 member's average final compensation as computed under



1 section 88-81(f)(2), in addition to an annuity that is
2 the actuarial equivalent of the member's accumulated
3 contributions allocable to the period of service;
4 (3) For each year of credited service as a judge, three
5 per cent of the member's average final compensation as
6 computed under section 88-81(f)(3), in addition to an
7 annuity that is the actuarial equivalent of the
8 member's accumulated contributions allocable to the
9 period of service. If the member has not attained age
10 sixty, the member's retirement allowance shall be
11 computed as though the member had attained age sixty,
12 reduced for age as provided in subsection (i); and
13 (4) For each year of credited service not included in
14 paragraph (1), (2), or (3), the average final
15 compensation as computed under section 88-81(f)(4)
16 shall be multiplied by one and three-fourth per cent
17 for credited service earned as a class A or class H
18 member, two and one-fourth per cent for credited
19 service earned as a class B member, and one and one-
20 fourth per cent for credited service earned as a class
21 C member. If the member has not attained age sixty,
22 the member's retirement allowance shall be computed as



1 though the member had attained age sixty, reduced for
2 age as provided in subsection (i).

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

18 (i) Except as provided in subsections (f), (g), and (h),
19 if a member, who becomes a member after June 30, 2012, has not
20 attained age sixty at the date of retirement, the member's
21 retirement allowance shall be reduced, for each month the



1 member's age at the date of retirement is below age sixty, as

2 follows:

3 (1) 0.4166 per cent for each month below age fifty-nine

4 and above age fifty-four and eleven months; plus

5 (2) 0.3333 per cent for each month below age fifty-five

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

7 (3) 0.2500 per cent for each month below age fifty and

8 above age forty-four and eleven months; plus

9 (4) 0.1666 per cent for each month below age forty-five;

10 provided that no reduction shall be made if the member has

11 attained the age of fifty-five and has at least twenty-five

12 years of credited service as a firefighter, police officer,

13 corrections officer, investigator of the department of the

14 prosecuting attorney, investigator of the department of the

15 attorney general, narcotics enforcement investigator, public

16 safety investigations staff investigator, sewer worker, water

17 safety officer, or emergency medical technician, of which the

18 last five or more years prior to retirement is credited service

19 in these capacities."

20 SECTION 6. Section 88-74.6, Hawaii Revised Statutes, is

21 amended to read as follows:



1 "**§88-74.6 Unreduced allowance on service retirement; when**
2 **applicable.** In addition to those positions identified in
3 section [~~88-74(b)~~] 88-74(e) and notwithstanding any law in this
4 part that requires a member to attain age fifty-five to qualify
5 for an unreduced service retirement allowance, if [~~the~~] a
6 member, who became a member before July 1, 2012, has at least
7 [~~thirty~~]:

- 8 (1) Thirty years of credited service through June 30,
9 2003; [~~twenty-nine~~]
- 10 (2) Twenty-nine years of credited service on or after July
11 1, 2004; [~~twenty-eight~~]
- 12 (3) Twenty-eight years of credited service on or after
13 July 1, 2005; [~~twenty-seven~~]
- 14 (4) Twenty-seven years of credited service on or after
15 July 1, 2006; [~~twenty-six~~]
- 16 (5) Twenty-six years of credited service on or after July
17 1, 2007; [~~and twenty-five~~] or
- 18 (6) Twenty-five years of credited service on or after July
19 1, 2008,

20 as an emergency medical technician, of which the last five or
21 more years prior to retirement is credited service in that
22 capacity, then upon retirement and irrespective of age, that



1 member's service retirement allowance shall not be reduced for
2 actuarial purposes."

3 SECTION 7. Section 88-76, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§88-76 Allowance on ordinary disability retirement.** Upon
6 retirement for ordinary disability, a member shall receive a
7 maximum retirement allowance of one and three-fourths per cent
8 of the member's average final compensation for each year of
9 credited service; except that for each year of credited service
10 as a judge, an elective officer, or a legislative officer, the
11 member shall receive a maximum retirement allowance computed as
12 provided in section [~~88-74(a)(2) or (3)~~], 88-74(c), (d), (g), or
13 (h), as applicable. The minimum retirement allowance payable
14 under this section shall be thirty per cent of the member's
15 average final compensation."

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

18 "**§88-81 Average final compensation.** (a) Average final
19 compensation is the average annual compensation pay or salary
20 upon which a member has made contributions as required by parts
21 II, VII, and VIII of this chapter.



1 (b) The average final compensation of members shall be
2 calculated as follows:

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

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

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

12 (2) For employees who become members [~~on or after January~~
13 ~~1, 1971;~~] after December 31, 1970, but before July 1,
14 2012:

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

17 (B) If the member has less than three years of
18 credited service, during the member's actual
19 years of credited service[~~-~~]; and

20 (3) For employees who become members after June 30, 2012:

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



1 (B) If the member has less than five years of
2 credited service, during the member's actual
3 years of credited service.

4 (c) In computing the compensation of a judge, the
5 compensation paid to the judge by the United States as well as
6 by the Territory shall be included.

7 (d) For service rendered as a member of the legislature
8 from and after November 5, 1968, the actual annual salary of a
9 member shall be the only amount used for determining the
10 member's average final compensation. For service rendered as a
11 member of the legislature prior to November 5, 1968, and after
12 admission of this State into the Union, the annual compensation
13 of a member shall be computed, for the purpose of determining
14 the member's average final compensation, as follows: [~~during~~]

15 (1) During a year in which a general session was held, it
16 shall be deemed to have been an amount equal to four
17 times the salary of a member of the legislature for a
18 general session; and [~~during~~]

19 (2) During a year in which a budget session was held, it
20 shall be deemed to have been an amount equal to six
21 times the salary of a member of the legislature for a
22 budget session.



1 For service rendered as a member of the legislature prior to the
2 admission of this State into the Union, the annual compensation
3 of a member shall be deemed to have been four times the salary
4 of a member of the legislature for a regular session for each
5 year during the member's term of office.

6 (e) If a member, who became a member before July 1, 2012,
7 has credited service rendered as an elective officer or as a
8 legislative officer, the member's average final compensation
9 shall be computed separately for each category of service as
10 follows:

11 (1) For the three highest paid years of credited service
12 as an elective officer, or if the member has less than
13 three years of credited service in that capacity, then
14 the member's actual years of credited service;

15 (2) For the three highest paid years of credited service
16 as a legislative officer, or if the member has less
17 than three years of credited service in that capacity,
18 then the member's actual years of credited service;

19 (3) For the three highest paid years of credited service
20 as a judge, or if the member has less than three years
21 of credited service in that capacity, then the
22 member's actual years of credited service; and



1 (4) For the three highest paid years of credited service
2 not included in paragraph (1), (2), or (3), or if the
3 member has less than three years of credited service
4 in that capacity, then the member's actual years of
5 credited service.

6 (f) If a member, who becomes a member after June 30, 2012,
7 has credited service rendered as an elective officer or as a
8 legislative officer, the member's average final compensation
9 shall be computed separately for each category of service as
10 follows:

11 (1) For the five highest paid years of credited service as
12 an elective officer, or if the member has less than
13 five years of credited service in that capacity, then
14 the member's actual years of credited service;

15 (2) For the five highest paid years of credited service as
16 a legislative officer, or if the member has less than
17 five years of credited service in that capacity, then
18 the member's actual years of credited service;

19 (3) For the five highest paid years of credited service as
20 a judge, or if the member has less than three years of
21 credited service in that capacity, then the member's
22 actual years of credited service; and



1 (4) For the five highest paid years of credited service
2 not included in paragraph (1), (2), or (3), or if the
3 member has less than five years of credited service in
4 that capacity, then the member's actual years of
5 credited service."

6 SECTION 9. Section 88-90, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§88-90 Post retirement allowances.** (a) There shall be
9 payable to each person receiving any pension, annuity or
10 retirement allowance, a post retirement allowance which shall
11 consist of an amount equivalent to one and one-half per cent of
12 the monthly pension, annuity, or retirement allowance as
13 originally computed, approved, and paid. This benefit shall be
14 added to the monthly pension, annuity, or retirement allowance
15 on the first day of July in each year following June 30, 1961,
16 as follows:

17 (1) To each person receiving a pension, annuity, or
18 retirement allowance on June 30, 1961, payment of the
19 benefit shall commence on July 1, 1961, except that
20 after June 30, 1963, the monthly benefits payable
21 under this subsection shall be computed and paid on
22 the basis of the number of years that has elapsed



1 since the person entitled thereto first became the
2 recipient of the pension, annuity, or retirement
3 allowance from which the benefit is derived[-]; and

4 (2) To each person first receiving a pension, annuity, or
5 retirement allowance after June 30, 1961, payment of
6 the benefit shall commence on the first of July
7 following the calendar year in which the payment of
8 the pension, annuity, or retirement allowance is
9 effective.

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

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

20 (2) To each person first receiving a pension, annuity, or
21 retirement allowance after December 31, 1968, payment
22 of the benefit shall commence on the first day of July



1 following the calendar year in which the payment of
2 the pension, annuity, or retirement allowance is
3 effective.

4 (c) Notwithstanding subsections (a) and (b), for employees
5 who become members after June 30, 2012, and for any person who
6 receives a monthly pension, annuity, or retirement allowance as
7 a beneficiary or survivor of the employee, the post retirement
8 allowance shall consist of an amount equivalent to one and one
9 half per cent of the monthly pension, annuity, or retirement
10 allowance as originally computed and paid. Payment of the
11 benefit shall commence on the first day of July following the
12 calendar year in which the payment of the pension, annuity, or
13 retirement allowance is effective."

14 SECTION 10. Section 88-96, Hawaii Revised Statutes, is
15 amended by amending subsections (a) and (b) to read as follows:

16 "(a) Any member who ceases to be an employee and who
17 became a member before July 1, 2012, and has fewer than five
18 years of credited service, excluding unused sick leave, or who
19 becomes a member after June 30, 2012, and has fewer than ten
20 years of credited service, excluding sick leave, shall, upon
21 application to the board, [~~shall~~] be paid all of the member's
22 accumulated contributions and the member's membership shall



1 thereupon terminate and all credited service shall be forfeited;
2 provided that a member shall not be paid the member's
3 accumulated contributions:

4 (1) If the member becomes an employee again within fifteen
5 calendar days from the date the member ceased to be an
6 employee; or

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

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



1 previously returned by the system to the former employee, the
2 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 member [~~having five or more years of credited~~
6 ~~service~~] who ceases to be an employee[~~7~~] and who became a member
7 before July 1, 2012, and has more than five years of credited
8 service, excluding unused sick leave, or who becomes a member
9 after June 30, 2012, and has more than ten years of credited
10 service, excluding sick leave, shall, upon application to the
11 board, [~~shall~~] be paid all of the member's accumulated
12 contributions and thereupon the former employee's membership
13 shall terminate and all credited service shall be forfeited;
14 provided that a member shall not be paid the member's
15 accumulated contributions:

16 (1) If the member becomes an employee again within fifteen
17 calendar days from the date the member ceased to be an
18 employee; or

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



1 If the contributions are not withdrawn by the former
2 employee within four calendar years following the calendar year
3 in which the former employee's employment terminates, the former
4 employee shall have established vested benefit status and shall
5 be eligible for the service retirement benefit in effect at the
6 time of the former employee's retirement, payable in accordance
7 with this chapter; provided that if the former employee
8 withdraws the former employee's accumulated contributions, the
9 former employee's vested benefit status shall terminate and all
10 credited service shall be forfeited."

11 SECTION 11. Section 88-311, Hawaii Revised Statutes, is
12 amended by amending the definition of "hypothetical account
13 balance" to read as follows:

14 "Hypothetical account balance" means:

15 (1) For members who became members before July 1, 2012,

16 the sum of:

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

18 ~~[(A)]~~ (i) Employee contributions made, either by the
19 member or on behalf of the member, pursuant
20 to section 88-325; ~~[and~~

21 ~~[(B)]~~ (ii) Accumulated interest at the regular interest
22 rate on the employee contributions; and



1 ~~[(2)]~~ (B) Any employee contributions, including
2 rollovers and contributions used to convert
3 credited service to class H credited service, or
4 used to purchase service, and accumulated
5 interest on the employee contributions at the
6 regular interest rate~~[-]~~;

7 or

8 (2) For members who become members after June 30, 2012,
9 the sum of:

10 (A) One and one-fifth times the sum of:

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

14 (ii) Accumulated interest at the regular interest
15 rate on the employee contributions;

16 and

17 (B) Any employee contributions, including rollovers
18 and contributions used to convert credited
19 service to class H credited service, or used to
20 purchase service, and accumulated interest on the
21 employee contributions at the regular interest
22 rate."



1 SECTION 12. Section 88-325, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~†~~]**§88-325**[~~†~~] **Employee contributions.** (a) Each class H
4 member, who became a member before July 1, 2012, shall
5 contribute six per cent of the member's compensation to the
6 annuity savings fund; provided that each sewer worker, water
7 safety officer, and emergency medical technician who became a
8 member before July 1, 2012, and is a class H member shall
9 contribute nine and [~~seventy-five one hundredths~~] three-fourths
10 per cent of the member's compensation to the annuity savings
11 fund for service in that capacity.

12 (b) Each class H member, who becomes a member after June
13 30, 2012, shall contribute eight per cent of the member's
14 compensation to the annuity savings fund; provided that each
15 sewer worker, water safety officer, and emergency medical
16 technician who becomes a member after June 30, 2012, and is a
17 class H member shall contribute eleven and three-fourths per
18 cent of the member's compensation to the annuity savings fund
19 for service in that capacity."

20 SECTION 13. Section 88-331, Hawaii Revised Statutes, is
21 amended as follows:



1 1. By amending subsections (a) and (b) to read as

2 follows:

3 "(a) A class H member who:

4 (1) Became a member before July 1, 2012, has at least
5 five years of credited service, and has attained
6 age sixty-two[~~, or a class H member with~~];

7 (2) Become a member before July 1, 2012, has at least
8 thirty years of credited service [who], and has
9 attained the age of fifty-five; or

10 (3) Becomes a member after June 30, 2012, has at
11 least ten years of credited service, and has
12 attained age sixty-five; or

13 (4) Becomes a member after June 30, 2012, has at
14 least thirty years of credited service, and has
15 attained age sixty;

16 shall become eligible to receive a retirement allowance after
17 the member has terminated service.

18 (b) A class H member who became a member before July 1,
19 2012, and has at least twenty-five years of credited service as
20 a sewer worker or water safety officer, of which the last five
21 or more years prior to retirement is credited service in that
22 capacity, shall become eligible to receive a retirement



1 allowance unreduced for age after the member has terminated
2 service. A class H member who becomes a member after June 30,
3 2012, and has at least twenty-five years of credited service as
4 a sewer worker or water safety officer, of which the last five
5 or more years prior to retirement is credited service in that
6 capacity, and has attained age fifty-five shall become eligible
7 to receive a retirement allowance unreduced for age after the
8 member has terminated service."

9 2. By amending subsection (d) to read:

10 "(d) If a class H member, who became a member before July
11 1, 2012, has at least twenty-eight years of credited service on
12 or after July 1, 2005; twenty-seven years of credited service on
13 or after July 1, 2006; twenty-six years of credited service on
14 or after July 1, 2007; and twenty-five years of credited service
15 on or after July 1, 2008, as an emergency medical technician, of
16 which the last five or more years prior to retirement is
17 credited service in that capacity, the member shall be eligible
18 to receive a retirement benefit unreduced for age after the
19 member has terminated service. If a class H member, who becomes
20 a member after June 30, 2012, has at least twenty-five years of
21 credited service as an emergency medical technician, of which
22 the last five or more years prior to retirement is credited



1 service in that capacity, and has attained age fifty-five, the
2 member shall be eligible to receive a retirement benefit
3 unreduced for age after the member has terminated service."

4 SECTION 14. Section 88-332, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "**§88-332 Service retirement allowance.** (a) Upon
7 retirement from service, a class H member who became a member
8 before July 1, 2012, shall receive a maximum retirement
9 allowance as follows:

- 10 (1) If the member has met the requirements in section 88-
11 331(a), (b), or (d), a maximum retirement allowance of
12 two per cent of the average final compensation
13 multiplied by the number of years of class H credited
14 service, plus a retirement allowance at the rate of
15 one and one-fourth per cent of the member's average
16 final compensation multiplied by the number of years
17 of class C credited service; or
- 18 (2) If the member has met the requirements in section 88-
19 331(c), an early retirement allowance equal to the
20 maximum retirement allowance calculated as provided in
21 paragraph (1), reduced by 0.4166 per cent for each



1 month the member is less than age sixty-two at
2 retirement.

3 (b) Upon retirement from service, a class H member who
4 becomes a member after June 30, 2012, shall receive a maximum
5 retirement allowance as follows:

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

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

20 SECTION 15. Section 88-341, Hawaii Revised Statutes, is
21 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 July 1, 2012, and has fewer than five
3 years of credited service, excluding unused sick leave, or who
4 becomes a member after June 30, 2012, and has fewer than ten
5 years of credited service, excluding unused sick leave, shall,
6 upon application to the board, 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[~~r~~] and who became
7 a member before July 1, 2012, and has more than five years of
8 credited service, excluding unused sick leave, or who becomes a
9 member after June 30, 2012, and has more than ten years of
10 credited service, excluding sick leave, shall, upon application
11 to the board, [~~shall~~] be paid an amount equal to the former
12 employee's hypothetical account balance and the former
13 employee's membership shall thereupon terminate and all credited
14 service shall be forfeited; provided that the individual shall
15 not be paid the individual's hypothetical account balance if
16 either:

17 (1) The individual becomes an employee again within
18 fifteen calendar days from the date the individual
19 ceased to be an employee; or

20 (2) At the time the application for payment of the
21 individual's hypothetical account balance is received



1 based on nineteen and seven-tenths per cent of the member's
2 compensation for police officers, firefighters, and corrections
3 officers and fifteen per cent of the member's compensation for
4 all other employees. In fiscal year 2012-2013, the employer
5 contributions for normal cost and accrued liability for each of
6 the two groups of employees in subsection (a) shall be based on
7 twenty-two per cent of the member's compensation for police
8 officers, firefighters, and corrections officers and fifteen and
9 one-half per cent of the member's compensation for all other
10 employees. In fiscal year 2013-2014, the employer contributions
11 for normal cost and accrued liability for each of the two groups
12 of employees in subsection (a) shall be based on twenty-three
13 per cent of the member's compensation for police officers,
14 firefighters, and corrections officers and sixteen per cent of
15 the member's compensation for all other employees. In fiscal
16 year 2014-2015, the employer contributions for normal cost and
17 accrued liability for each of the two groups of employees in
18 subsection (a) shall be based on twenty-four per cent of the
19 member's compensation for police officers, firefighters, and
20 corrections officers and sixteen and one-half per cent of the
21 member's compensation for all other employees. Commencing with
22 fiscal year 2015-2016 and each subsequent fiscal year, the



1 employer contributions for normal cost and accrued liability for
2 each of the two groups of employees in subsection (a) shall be
3 based on twenty-five per cent of the member's compensation for
4 police officers, firefighters, and corrections officers and
5 seventeen per cent of the member's compensation for all other
6 employees. The contribution rates shall amortize the total
7 unfunded accrued liability of the entire plan over a period not
8 to exceed thirty years. [~~Effective January 2, 2008 until~~
9 ~~January 2, 2011, there shall be no benefit enhancements under~~
10 ~~this chapter for any group of members, including any reduction~~
11 ~~of retirement age, when there is an unfunded accrued liability.]~~

12 The contribution rates shall be subject to adjustment:

- 13 (1) If the actual period required to amortize the unfunded
14 accrued liability exceeds thirty years;
15 (2) If there is no unfunded accrued liability; or
16 (3) Based on the actuarial investigation conducted in
17 accordance with section 88-105."

18 PART III

19 SECTION 17. The purpose of this part is to address the
20 employees' retirement system of the State of Hawaii.

21 More specifically, this part reduces the percentage of
22 regular interest to be credited to a new public employees'



1 retirement account. The legislature finds that a reduced
2 percentage established pursuant to this part is comparable to
3 interest on savings accounts, certificates of deposit, and other
4 similar investment vehicles. The legislature further finds that
5 this part is necessary to control the public employers'
6 contributions to the employees' retirement system.

7 This part includes a study to be conducted in the future by
8 the board of trustees of the system on the appropriateness of
9 the new regular interest rate. Based on the study, the board
10 shall recommend changing the rate or keeping it the same.

11 SECTION 18. Section 88-21, Hawaii Revised Statutes, is
12 amended by amending the definition of "regular interest" to
13 read:

14 "Regular interest":

- 15 (1) For a member who became a member before July 1, 2011,
16 interest at four and one-half per cent a year,
17 compounded annually[-]; and
18 (2) For a member who becomes a member after June 30, 2011,
19 interest at two per cent a year, compounded annually."

20 SECTION 19. Section 88-132, Hawaii Revised Statutes, is
21 amended by amending subsection (d) to read as follows:



1 "(d) If the State or county, as the case may be, fails to
2 pay the contributions within the time specified in subsection
3 (c), the State or county, as the case may be, shall also pay to
4 the system regular interest [~~at the rate of four and one-half~~
5 ~~per cent a year compounded annually~~] from the date the member
6 returned to state or county government service or the date of
7 the member's death in the performance of the member's military
8 duty until payment is made. [~~Interest~~] Regular interest paid on
9 the portion of the contributions that would have been payable by
10 the member shall be included in the member's accumulated
11 contributions."

12 SECTION 20. Commencing on January 1, 2020, the board of
13 trustees of the employees' retirement system shall conduct a
14 study to determine whether the percentage of regular interest,
15 as defined under section 88-21, Hawaii Revised Statutes, is
16 appropriate. The board shall compare that percentage against
17 the guaranteed percentage of interest paid by other investment
18 or saving vehicles during the fiscal year 2019-2020. The board
19 shall submit a report of the study to the legislature that shall
20 include a recommendation on whether the percentage of "regular
21 interest" should be changed or remain the same. The board shall



1 submit the report not less than twenty days prior to the
2 convening of the regular session of 2021.

3 PART IV

4 SECTION 21. Section 88-105, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

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

18 SECTION 22. Section 88-122, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) The actuarial valuations [~~made for years after June~~
21 ~~30, 1999,~~] shall be based on [~~an eight per cent investment yield~~
22 ~~rate, salary increase assumptions adopted by the board on the~~



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

9 PART V

10 SECTION 23. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 24. This Act shall take effect on July 1, 2011;
13 provided that part IV shall take effect on June 30, 2011.



Report Title:

Employees' Retirement System

Description:

Makes various revisions to the employees' retirement system.
Effective July 1, 2011. (SB1341 HD1)

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

