

JAN 21 2011

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. Act 160, Session Laws of Hawaii 2006, directed
2 the department of budget and finance to conduct a study on
3 providing post-retirement allowance increases to retirees,
4 particularly those individuals who have been retired for a great
5 number of years. The resulting study indicated that in the
6 interest of fairness, any allowance increase should take into
7 account the number of years that an individual has been in
8 retirement as well as the number of years of service that the
9 retiree rendered to the State.

10 The legislature finds that the last time an ad hoc increase
11 was provided by the employees' retirement system was the
12 2002-2003 fiscal year. That increase was a one-time, lump sum
13 pension bonus for retirees age seventy and older, with twenty or
14 more years of service.

15 The purpose of this Act is to help offset the effects of
16 inflation on older retirees' pensions by providing an annual
17 lump sum payment to retirees who are at least seventy-five years
18 old and who have been in retirement for at least twenty years.



1 The legislature notes that the payments provided by this Act to
2 certain older retirees shall be lump sum payments and are not
3 intended to provide an enhanced pension benefit.

4 SECTION 2. Section 88-11, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "**§88-11 Bonus; pensioners' special compensation; amounts**
7 **available.** (a) Except as [~~herein~~] provided[~~]~~ in this section,
8 every pension payable under the [~~employees~~] employees'
9 retirement system [~~or payable~~], pursuant to any law of the
10 State, or by any county or independent public board or
11 commission[~~]~~ shall be increased by a bonus for each month as
12 follows:

13 (1) Effective July 1, 1976, \$77.82 per month to those
14 retirants and pensioners who had, before July 1, 1966,
15 ten or more years of service; provided that any member
16 who is retired because of physical or mental
17 disability due to any injury or disease incurred while
18 in the performance of the member's duty as a public
19 employee shall be entitled to receive the bonus
20 payment without meeting the minimum service
21 requirement;



- 1 (2) Effective July 1, 1976, \$31.12 per month additional to
2 the ~~[above]~~ bonus provided in paragraph (1) to those
3 retirants or pensioners who retired before July 1,
4 1945;
- 5 (3) Effective July 1, 1976, \$31.12 per month additional to
6 the above ~~[bonus or]~~ bonuses provided in paragraphs
7 (1) and (2) to those retirants or pensioners who have
8 had twenty-one or more years of service;
- 9 (4) Effective July 1, 1976, if the pension as increased by
10 the bonus or bonuses does not equal \$202.32 per month,
11 the bonus shall be further increased by ~~[such]~~ the
12 sum, not in excess of \$31.12, as will bring the total
13 of the pension and bonus to \$202.32 per month;
14 provided that where the dependents of a deceased
15 pensioner are receiving pension by reasons of the
16 pensioner's death, the total only of all amounts paid
17 to all of the dependents shall be ~~[se]~~ increased, and
18 the increase ~~[herein]~~ shall be shared by ~~[them]~~ the
19 dependents in proportion to the respective amount of
20 pension receivable by ~~[them]~~ each dependent exclusive
21 of this increase;



- 1 (5) In the case of any retirement allowance for service
2 commencing after June 30, 1965, paid pursuant to
3 paragraph (1) or (3) of section 88-74, the only bonus
4 payable shall be in the amount by which the benefit
5 payable under [the] paragraphs (1) and (3) of section
6 88-74 is less than the bonus [~~as set forth above,~~] as
7 provided in paragraph (4) of this section; provided
8 that in no case shall a person who retires after
9 June 30, 1965, receive less under the service and
10 ordinary disability retirement system benefits, plus
11 the bonus payable under this section than the person
12 would have received if this paragraph [~~+~~5] had not
13 been enacted;
- 14 (6) Any provisions of this section to the contrary
15 notwithstanding, there shall be paid to every person
16 who on June 30, 1965, was receiving a retirement
17 allowance from the system or other pension payable
18 under or pursuant to the law of the State or by any
19 county or independent board or commission, a special
20 cost of living bonus, which shall be paid in the
21 following manner:



- 1 (A) On January 1, 1966, seven and one-half per cent
- 2 of the retirement allowance or pension;
- 3 (B) On July 1, 1969, an additional ten per cent of
- 4 the retirement allowance or pension;
- 5 (C) On July 1, 1970, an additional ten per cent of
- 6 the retirement allowance or pension;
- 7 (D) On July 1, 1973, an additional five and one-half
- 8 per cent of the retirement allowance or pension;
- 9 and
- 10 (E) On July 1, 1976, an additional eight per cent of
- 11 the retirement allowance or pension;
- 12 (7) Any provision of this section to the contrary
- 13 notwithstanding, there shall be paid to every person
- 14 who retired between July 1, 1965, and June 30, 1970,
- 15 and who, on June 30, 1974, was receiving a retirement
- 16 allowance from the system or other pension payable
- 17 under or pursuant to the law of the State or by any
- 18 county or independent board or commission, a special
- 19 cost of living bonus which shall be paid in the
- 20 following manner:
- 21 (A) On July 1, 1974, five and one-half per cent of
- 22 the retirement allowance or pension; and



1 (B) On July 1, 1976, an additional eight per cent of
2 the retirement allowance or pension;

3 (8) Any other provision to the contrary notwithstanding,
4 effective July 1, 1980, there shall be paid to every
5 person who retired prior to July 1, 1975, and who on
6 June 30, 1980, was receiving a retirement allowance
7 from the system or other pension payable under or
8 pursuant to the law of the State or by any county or
9 independent board or commission, a special cost of
10 living bonus, which shall be paid in the following
11 manner:

12 (A) \$4.50 a month for each year of the retirant's or
13 pensioner's credited service, if the person
14 retired prior to July 1, 1965;

15 (B) \$2.50 a month for each year of the retirant's or
16 pensioner's credited service if the person
17 retired after June 30, 1965, but prior to July 1,
18 1970; and

19 (C) \$1.00 a month for each year of the retirant's or
20 pensioner's credited service if the person
21 retired after June 30, 1970, but prior to July 1,
22 1975;



1 provided that if the [~~retirants~~] retirant or pensioner
2 had retired, returned to service, and again retired,
3 the person's latest retirement date shall be
4 considered as the person's date of retirement;
5 provided further that no special cost of living bonus
6 as provided for in this paragraph shall be paid to
7 those retirants or pensioners who have eight or less
8 years of credited service;

9 (9) Any other provision to the contrary notwithstanding,
10 effective July 1, 1984, there shall be paid to every
11 person who retired after June 30, 1970, but prior to
12 July 1, 1979, and who on June 30, 1984, was receiving
13 a retirement allowance from the system or other
14 pension payable under or pursuant to the law of the
15 State or by any county or independent board or
16 commission, a special cost of living bonus, which
17 shall be paid in the following manner:

18 (A) \$.50 a month for each year of the retirant's or
19 pensioner's credited service if the person
20 retired after June 30, 1970, but prior to July 1,
21 1975; and



1 (B) \$1.00 a month for each year of the retirant's or
2 pensioner's credited service if the person
3 retired after June 30, 1975, but prior to July 1,
4 1979;

5 provided that if the retirant or pensioner had
6 retired, returned to service, and again retired, the
7 person's latest retirement date shall be considered as
8 the person's date of retirement; provided further that
9 no special cost of living bonus as provided for in
10 this paragraph shall be paid to those retirants or
11 pensioners who have eight or less years of credited
12 service; and

13 (10) Any other provision to the contrary notwithstanding,
14 effective July 1, 1988, there shall be paid to every
15 person who retired prior to July 1, 1982, and who on
16 June 30, 1988, was receiving a retirement allowance
17 from the system or other pension payable under or
18 pursuant to the law of the State or by any county or
19 independent board or commission, a special cost of
20 living bonus, which shall be paid in the following
21 manner:



- 1 (A) \$3.50 a month for each year of the retirant's or
2 pensioner's credited service, if the person
3 retired prior to July 1, 1965;
- 4 (B) \$2.50 a month for each year of the retirant's or
5 pensioner's credited service if the person
6 retired after June 30, 1965, but prior to July 1,
7 1970;
- 8 (C) \$1.50 a month for each year of the retirant's or
9 pensioner's credited service if the person
10 retired after June 30, 1970, but prior to July 1,
11 1975; and
- 12 (D) \$1.00 a month for each year of the retirant's or
13 pensioner's credited service if the person
14 retired after June 30, 1975, but prior to July 1,
15 1982;
- 16 provided that if the retirant or pensioner had
17 retired, returned to service, and again retired, the
18 person's latest retirement date shall be considered as
19 the person's date of retirement; provided further that
20 no special cost of living bonus as provided for in
21 this paragraph shall be paid to those retirants or



1 pensioners who have ten or less years of credited
2 service[+].
3 ~~[(11)]~~ (b) Any other provision to the contrary
4 notwithstanding, effective July 1, 1990, and each July 1,
5 thereafter until June 30, 1999, bonuses shall be paid to
6 retirants and pensioners with ten or more years of service or to
7 their beneficiaries who are receiving a monthly benefit from the
8 system, in accordance with this [~~paragraph~~] subsection;
9 provided that the requirement of ten or more years of service
10 shall not apply in the case of a person who retires with less
11 than ten years of service because of a service connected
12 disability; and provided further that if the retirant or
13 pensioner is currently receiving a larger bonus than what would
14 be payable under this [~~paragraph~~] subsection the retirant or
15 pensioner shall continue to receive the bonus amount received on
16 June 30, 1990, until the retirant's or pensioner's bonus
17 calculated under this [~~paragraph~~] subsection exceeds the
18 June 30, 1990, bonus amount at which time the difference between
19 the June 30, 1990, bonus and the bonus calculated under this
20 [~~paragraph~~] subsection would be payable.



1 The bonus amounts payable under this [~~paragraph~~] subsection
2 shall be based on years of retirement and shall be a cumulative
3 amount to include all previous bonuses and shall not exceed:

4 [~~(A)~~] (1) \$1.25 for each year of the retirant's or pensioner's
5 credited service if the retirant or pensioner has been
6 retired a minimum of five years by July 1 in the year
7 in which the bonus is effective;

8 [~~(B)~~] (2) \$2.50 for each year of the retirant's or pensioner's
9 credited service if the retirant or pensioner has been
10 retired a minimum of ten years by July 1 in the year
11 in which the bonus is effective;

12 [~~(C)~~] (3) \$4.50 for each year of the retirant's or pensioner's
13 credited service if the retirant or pensioner has been
14 retired a minimum of fifteen years by July 1 in the
15 year in which the bonus is effective;

16 [~~(D)~~] (4) \$6.00 for each year of the retirant's or pensioner's
17 credited service if the retirant or pensioner has been
18 retired a minimum of twenty years by July 1 in the
19 year in which the bonus is effective;

20 [~~(E)~~] (5) \$8.75 for each year of the retirant's or pensioner's
21 credited service if the retirant or pensioner has been



1 retired a minimum of twenty-five years by July 1 in
2 the year in which the bonus is effective;
3 ~~[(F)]~~ (6) \$10.50 for each year of the retirant's or pensioner's
4 credited service if the retirant or pensioner has been
5 retired a minimum of thirty years by July 1 in the
6 year in which the bonus is effective; and
7 ~~[(G)]~~ (7) Any provision to the contrary notwithstanding, any
8 retirant or pensioner with ten or more years of
9 service who on July 1 of the year in which the bonus
10 is being calculated has been retired a minimum of
11 twenty years and whose current bonus amount exceeds
12 the maximum specified in this paragraph shall
13 nevertheless receive a pension increase of \$1.25 for
14 each year of credited service.

15 For the purposes of this ~~[paragraph,~~ subsection, if the
16 retirant or pensioner had retired, returned to service, and
17 again retired, the latest retirement date shall be considered as
18 the date of retirement ~~[, and]~~ .

19 ~~[(12)]~~ (c) Notwithstanding any other provision to the
20 contrary, in fiscal year 2002-2003, each state and county
21 retiree who is seventy years of age and older with at least
22 twenty years of credited service as of June 30, 2002, shall



1 receive a one time, lump sum bonus of \$200. Any lump sum bonus
2 paid pursuant to this [paragraph] subsection shall not be
3 construed to increase a retirant's basic monthly pension
4 accumulation or any other post retirement benefit provided under
5 this chapter.

6 (d) Notwithstanding any other provision to the contrary,
7 in fiscal year 2009-2010, and every year thereafter, each state
8 or county retirant who is seventy-five years of age or older who
9 has at least twenty years of retirement as of June 30, 2011,
10 shall receive an annual lump sum pension payment equal to \$1.00
11 for every month of every year of the retirant's credited
12 service. Lump sum pension payments pursuant to this subsection
13 shall not be construed to increase a retirant's basic monthly
14 pension accumulation or any other post retirement benefit
15 provided under this chapter."

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2011-2012 and
19 the same sum or so much thereof as may be necessary for fiscal
20 year 2012-2013 to provide retirants who are aged seventy-five or
21 older and who have been retired for at least twenty years as of
22 June 30, 2011, an annual lump sum pension payment equal to \$1.00



1 for every month of every year of the retirant's credited
2 service.

3 The sums appropriated shall be expended by the employees'
4 retirement system for the purposes of this Act.

5 SECTION 4. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on July 1, 2011.
8

INTRODUCED BY: *Ronald J. De*
David Zukerman
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Report Title:

Employees' Retirement System; Appropriation

Description:

Provides annual lump sum payments for retirees at least seventy-five years old who have been in retirement for at least twenty years as of June 30, 2011; makes appropriation.

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

