

JAN 26 2011

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# A BILL FOR AN ACT

RELATING TO ACTUARIAL ASSUMPTIONS FOR 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:



1       "(b) The actuarial valuations [~~made for years after June~~  
2   30, 1999,] shall be based on [~~an eight per cent investment yield~~  
3   rate, salary increase assumptions adopted by the board on the  
4   ~~recommendation of the actuary described under section 88-30,~~  
5   and] the contribution rates approved by the legislature and the  
6   tables, [~~contribution rates,~~] assumptions, and factors adopted  
7   by the board [~~or legislature]~~ for actuarial valuations of the  
8   system[~~, subject to recommendations made by the actuary~~  
9   ~~appointed under section 88-29.]; provided that the investment  
10 yield rate assumption for the year ending June 30, 2011, shall  
11 be seven and three-quarters per cent."~~

12       SECTION 3. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

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

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INTRODUCED BY: David Yelge

Patric

Amundson, Dan

Will Egan

John Egan

Michelle Tidoni

Erinanne Chun Cleveland

Clerence M. Muehler

Rosely H. Beck

David Johnson  
Gilbert Kalye



**Report Title:**

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

**Description:**

Reduces the investment return yield rate assumption for the employees' retirement system for the fiscal year ending June 30, 2011, to seven and three-quarters percent and authorizes the board of trustees of the employees' retirement system to set the investment return yield rate assumption after June 30, 2011, based on recommendations of the actuary.

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

