

JAN 20 2012

S.B. NO. 2357

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# A BILL FOR AN ACT

RELATING TO PENSION AND RETIREMENT SYSTEMS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 88-321, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§88-321 Election and membership.** (a) Any member, except  
4 for a member described in subsection (c), who is in service on  
5 June 30, 2006, may elect to become a class H member effective  
6 July 1, 2006, by filing an election form with the system in  
7 accordance with this section. The election shall be made prior  
8 to April 1, 2006, by members in service on February 28, 2006;  
9 provided that any member in service on February 28, 2006, who is  
10 absent from the State on that date while in the military service  
11 of the United States, shall have thirty days after the member  
12 returns to the member's regular employment with the State or a  
13 county to make the election. The election shall be made by  
14 members entering or returning to service from March 1, 2006,  
15 through June 30, 2006, within sixty days of entering or  
16 returning to service. The election shall be irrevocable[+],  
17 except as provided in subsection (d).

18           (b) Notwithstanding any other law to the contrary:



- 1           (1) A class C member who returns to service after June 30,  
2           2006, and who does not return to service as a class A  
3           or a class B member shall become a class H member upon  
4           return to service; provided that, if the member is a  
5           former class A or class B member who received a refund  
6           of contributions picked up and paid by the member's  
7           employer pursuant to section 88-46(b), the member may  
8           not become a class H member and shall return to  
9           service as a class C member, unless the refund was  
10          made pursuant to section 88-96 or 88-271(b);
- 11          (2) A class A or a class B member, who returns to service  
12          after June 30, 2006, but does not have vested benefit  
13          status as provided in section 88-96(b) and who does  
14          not return to service as a class A or class B member,  
15          shall become a class H member upon return to service  
16          and the member's credited service as a class A or B  
17          member shall be converted to class C credited service.  
18          The system shall return to the member the member's  
19          accumulated contributions if the member's accumulated  
20          contributions are \$1,000 or less at the time of  
21          distribution. If the member's accumulated  
22          contributions for the class A or B credited service



1 that was converted to class C credited service are  
2 greater than \$1,000 and the member does not make  
3 written application, contemporaneously with the  
4 member's return to service, for return of such  
5 contributions, the member, except as provided by  
6 section 88-341, may not withdraw the member's  
7 accumulated contributions for the class A or B  
8 credited service that was converted to class C  
9 credited service until the member retires or attains  
10 age sixty-two;

11 (3) A class A member who returns to service after June 30,  
12 2008, with vested benefit status and who does not  
13 return to service as a class B member shall return to  
14 service as a class A member; and

15 (4) A class B member who returns to service after June 30,  
16 2008, with vested benefit status and who does not  
17 return to service as a class B member shall return to  
18 service as a class A member.

19 (c) The following members may not elect to become a class  
20 H member under subsection (a) [÷] or (d):

21 (1) Judges, elected officials, and legislative officers;



- 1           (2) Investigators of the department of the attorney
- 2           general, narcotics enforcement investigators, water
- 3           safety officers not making the election under section
- 4           88-271, prosecuting attorney investigators not making
- 5           the election under section 88-271, corrections
- 6           officers not making the election under section 88-271,
- 7           and public safety investigations staff investigators;
- 8           (3) Police officers and firefighters;
- 9           (4) All employees who were members on July 1, 1957, who
- 10          elected not to be covered by the Social Security Act;
- 11          (5) Former class A, B, or C retirants; and
- 12          (6) Any former class A or class B member who received a
- 13          refund of contributions picked up and paid by the
- 14          member's employer pursuant to section 88-46(b), unless
- 15          the refund was made pursuant to section 88-96 or 88-
- 16          271(b), including any class C member whose
- 17          contributions were refunded to the member pursuant to
- 18          section 88-46.5 in the form in which it existed at any
- 19          time prior to July 1, 2006.
- 20          (d) Effective July 1, 2012, any member, except for a
- 21          member described in subsection (c), who:
- 22            (1) Was in service on June 30, 2006;



1        (2) Was eligible to elect to become a class H member but  
2        did not elect to become a class H member within the  
3        time required by subsection (a); and  
4        (3) Is currently in service;  
5        may elect to become a class H member beginning July 1, 2013, or  
6        July 1 of any subsequent odd-numbered year. The election shall  
7        be made prior to April 1 of the odd-numbered year the member  
8        seeks to become a class H member. The election pursuant to this  
9        subsection shall be irrevocable."

10        SECTION 2. Statutory material to be repealed is bracketed  
11        and stricken. New statutory material is underscored.

12        SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

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# S.B. NO. 2357

**Report Title:**

Employees' Retirement System; Hybrid Plan

**Description:**

Allows ERS members who were in service on 06/30/06, but did not elect to become class H members within the time required, to make the election beginning 07/01/12.

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

