

STAND. COM. REP. NO.

1549

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 1341
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1341, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this bill is to ensure the long-term viability of the Employees' Retirement System (ERS) by:

- (1) Establishing different conditions, benefits, and requirements relating to various aspects of ERS membership including:
 - (A) Employee contributions to the ERS;
 - (B) ERS membership service credit;
 - (C) Vesting period and years of credited service;
 - (D) Service retirement allowance;
 - (E) Retirement age for employees;
 - (F) Average final compensation calculation; and
 - (G) Post retirement allowance for employees,

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for persons who become members of the ERS before July 1, 2012, and persons who become members after June 30, 2012;

- (2) Increasing contribution rates for employer contributions to the ERS beginning in fiscal year 2012-2013;
- (3) Reducing the percentage of regular interest to be credited to a new employee's retirement account; and
- (4) Reducing the investment yield assumption for the ERS to 7.75 percent for the fiscal year ending June 30, 2011.

The Department of Budget and Finance, ERS Board of Trustees, and the City and County of Honolulu supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1341, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



