

S .B. NO. 1037

JAN 24 2013

A BILL FOR AN ACT

RELATING TO RETIREMENT BENEFITS FOR JUDGES.

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

1 SECTION 1. Section 88-73, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) Any member who became a member before July 1, 2012,
4 and first earned credited service as a judge after June 30,
5 1999, [~~but before July 1, 2012,~~] and who [~~has~~]:

6 (1) Has at least five years of credited service and has
7 attained age fifty-five; or [~~has~~]

8 (2) Has at least twenty-five years of credited service,
9 shall become eligible to receive a retirement allowance after
10 the member has terminated service. [~~Any member who first earned~~
11 ~~credited service as a judge after June 30, 2012, and has at~~
12 ~~least ten years of credited service and has attained age sixty~~
13 ~~or has at least twenty five years of credited service and has~~
14 ~~attained age fifty five shall be eligible to receive a~~
15 ~~retirement allowance after the member has terminated service.]"~~

16 SECTION 2. Section 88-74, Hawaii Revised Statutes, is
17 amended by amending subsections (c) and (d) to read as follows:

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

4 (1) For a member who has credited service as a judge
5 before July 1, 1999, irrespective of age, for each
6 year of credited service as a judge, three and one-
7 half per cent of the member's average final
8 compensation in addition to an annuity that is the
9 actuarial equivalent of the member's accumulated
10 contributions allocable to the period of service;

11 (2) For a member who first earned credited service as a
12 judge after June 30, 1999, but before July 1, 2012,
13 for each year of credited service as a judge, three
14 and one-half per cent of the member's average final
15 compensation in addition to an annuity that is the
16 actuarial equivalent of the member's accumulated
17 contributions allocable to the period of service. If
18 the member has not attained age fifty-five, the
19 member's retirement allowance shall be computed as
20 though the member had attained age fifty-five, reduced
21 for age as provided in subsection (e);

22 (3) For a member who first earned credited service as a
23 judge after June 30, 2012, for each year of credited

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

10 (4) For a judge with other credited service, as provided
11 in subsection (b). If the member has not attained age
12 fifty-five, the member's retirement allowance shall be
13 computed as though the member had attained age fifty-
14 five, reduced for age as provided in subsection (e);
15 or

16 (5) For a judge with credited service as an elective
17 officer or as a legislative officer, as provided in
18 subsection (d).

19 No allowance shall exceed seventy-five per cent of the member's
20 average final compensation. If the allowance exceeds this
21 limit, it shall be adjusted by reducing the annuity included in
22 paragraphs (1), (2), and (3) and the portion of the accumulated
23 contributions specified in paragraphs (1), (2), and (3) in

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

9 (d) If a member, who became a member before July 1, 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), (4), (5), and (6) as follows:

14 (1) For a member who has credited service as an elective
15 officer before July 1, 2012, irrespective of age, for
16 each year of credited service as an elective officer,
17 three and one-half per cent of the member's average
18 final compensation as computed under section 88-
19 81(e)(1), in addition to an annuity that is the
20 actuarial equivalent of the member's accumulated
21 contributions allocable to the period of service;

22 (2) For a member, who first earned credited service as an
23 elective officer after June 30, 2012, irrespective of

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

7 (3) For a member who has credited service as a legislative
8 officer before July 1, 2012, irrespective of age, for
9 each year of credited service as a legislative
10 officer, three and one-half 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 (4) For a member who first earned credited service as a
16 legislative officer after June 30, 2012, irrespective
17 of age, for each year of credited service as a
18 legislative officer, three per cent of the member's
19 average final compensation as computed under section
20 88-81(e)(2), in addition to an annuity that is the
21 actuarial equivalent of the member's accumulated
22 contributions allocable to the period of service;

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1 (5) If the member has credited service as a judge, the
2 member's retirement allowance shall be computed on the
3 following basis:

4 (A) For a member who has credited service as a judge
5 before July 1, 1999, irrespective of age, for
6 each year of credited service as a judge, three
7 and one-half per cent of the member's average
8 final compensation as computed under section 88-
9 81(e) (3), in addition to an annuity that is the
10 actuarial equivalent of the member's accumulated
11 contributions allocable to the period of service;

12 (B) For a member who first earned credited service as
13 a judge after June 30, 1999, but before July 1,
14 2012, and has attained the age of fifty-five, for
15 each year of credited service as a judge, three
16 and one-half per cent of the member's average
17 final compensation as computed under section 88-
18 81(e) (3), in addition to an annuity that is the
19 actuarial equivalent of the member's accumulated
20 contributions allocable to the period of service.
21 If the member has not attained age fifty-five,
22 the member's retirement allowance shall be
23 computed as though the member had attained age

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

17 (6) For each year of credited service not included in
18 paragraph (1), (2), (3), (4), or (5), the average
19 final compensation as computed under section 88-
20 81(e)(4) shall be multiplied by two per cent for
21 credited service earned as a class A or class H
22 member, two and one-half per cent for credited service
23 earned as a class B member, and one and one-quarter

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

21 SECTION 3. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act, upon its approval, shall take effect
2 retroactive to July 1, 2012.

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INTRODUCED BY:

Simon Mercado K.

5

BY REQUEST

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Report Title:

Retirement Benefits for Judges

Description:

Corrects anomalies of service retirement service eligibility and normal and early retirement allowances for judges who became members of the Employees' Retirement System prior to July 1, 2012, and first earned service credit as a judge after June 30, 2012.

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

JUSTIFICATION SHEET

SB. NO 1037

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO RETIREMENT BENEFITS FOR JUDGES.

PURPOSE: To correct errors in sections 88-73 and 88-74, Hawaii Revised Statutes, to restore parity, with respect to age and service requirements for retirement, between current members who become judges after June 30, 2012, and other contributory plan members who are currently members.

MEANS: Amend sections 88-73(b) and 88-74(c) and (d), Hawaii Revised Statutes.

JUSTIFICATION: Prior to the enactment of Act 163, Session Laws of Hawaii 2011, the age and service requirements for retirement for judges were the same as for other contributory plan members who became members of the Employees' Retirement System at the same time. Act 163 enacted more stringent age and service requirements for retirement by members of the system who become members of the system after June 30, 2012, and for current members of the system who become judges after June 30, 2012. As a result, current members of the system who become judges after June 30, 2012, are subject to more stringent age and service requirements than other contributory plan members who became members of the system at the same time. The proposed amendments to sections 88-73(b) and 88-74(c) and (d) restore parity between judges and other contributory plan members with respect to age and service requirements for retirement.

Impact on the public: None.

Impact on the department and other agencies:
None.

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GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BUF 141/Retirement.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2012.