

JAN 24 2013

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. Section 88-90, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§88-90 Post retirement allowances.** (a) There shall be
4 payable to each person receiving any pension, annuity or
5 retirement allowance, a post retirement allowance which shall
6 consist of an amount equivalent to one and one-half per cent of
7 the monthly pension, annuity, or retirement allowance as
8 originally computed, approved, and paid. This benefit shall be
9 added to the monthly pension, annuity, or retirement allowance
10 on the first day of July in each year following June 30, 1961,
11 as follows:

12 (1) To each person receiving a pension, annuity, or
13 retirement allowance on June 30, 1961, payment of the
14 benefit shall commence on July 1, 1961, except that
15 after June 30, 1963, the monthly benefits payable
16 under this subsection shall be computed and paid on
17 the basis of the number of years that has elapsed
18 since the person entitled thereto first became the



1 recipient of the pension, annuity, or retirement
2 allowance from which the benefit is derived; and
3 (2) To each person first receiving a pension, annuity, or
4 retirement allowance after June 30, 1961, payment of
5 the benefit shall commence on the first of July
6 following the calendar year in which the payment of
7 the pension, annuity, or retirement allowance is
8 effective.

9 (b) After June 30, 1970, the post retirement allowance
10 shall consist of an amount equivalent to two and one-half per
11 cent of the monthly pension, annuity, or retirement allowance as
12 originally computed and paid. This benefit shall be payable on
13 the first day of July in each year following June 30, 1970, as
14 follows:

15 (1) To each person, who on June 30, 1970, was receiving a
16 post retirement allowance as described under
17 subsection (a) hereof, payment of the benefit shall
18 commence on July 1, 1970; and

19 (2) To each person first receiving a pension, annuity, or
20 retirement allowance after December 31, 1968, payment
21 of the benefit shall commence on the first day of July
22 following the calendar year in which the payment of



1 the pension, annuity, or retirement allowance is
2 effective.

3 (c) Notwithstanding subsections (a) and (b), for employees
4 who become members after June 30, 2012, and for any person who
5 receives a monthly pension, annuity or retirement allowance as a
6 beneficiary or survivor of the employee, the post retirement
7 allowance shall consist of an amount equivalent to one and one-
8 half per cent of the monthly pension, annuity, or retirement
9 allowance as originally computed and paid. Payment of the
10 benefit shall commence on the first day of July following the
11 calendar year in which the payment of the pension, annuity or
12 retirement allowance is effective.

13 (d) Notwithstanding subsections (a), (b), and (c), after
14 June 30, 2013, the post-retirement allowance shall consist of an
15 amount equivalent to a specified percentage, based upon a
16 schedule of graduated percentages distributed over the length of
17 years in retirement, of the monthly pension, annuity, or
18 retirement allowance as originally computed and paid. This
19 benefit shall be added to the monthly pension, annuity, or
20 retirement allowance on the first day of July in each year
21 following June 30, 2013, as follows:



- 1 (1) 1.25 per cent in the second calendar year in
- 2 retirement;
- 3 (2) 1.50 per cent in the eleventh year in retirement;
- 4 (3) 2.00 per cent in the twenty-first year in retirement;
- 5 (4) 2.50 per cent in the twenty-fifth year in retirement;
- 6 and
- 7 (5) 3.00 per cent in the twenty-sixth year in retirement
- 8 and every year thereafter."

9 SECTION 2. New statutory material is underscored.

10 SECTION 3. This Act shall take effect on July 1, 2013.

11

INTRODUCED BY: *Justin Kline*



S.B. NO. 1354

Report Title:

ERS; Post-Retirement Allowance

Description:

Replaces the flat percentage for post-retirement allowances with a graduated schedule of percentages.

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