

**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
HOUSE BILL 807**

February 8, 2013

RELATING TO RETIREMENT BENEFITS FOR JUDGES

House Bill No. 807 corrects errors in sections 87-73 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.

The Department of Budget and Finance strongly supports this Administration bill which restores the retirement eligibility parity between judges and other contributory plan members with respect to age and service requirements for retirement. Current members of the Employees' Retirement System (ERS) who became judges after June 30, 2012 are subject to more stringent age and service requirements than is applicable with regard to other contributory plan members who also became members of the ERS at the same time.



The Judiciary, State of Hawai'i

Testimony to the House Committee on Labor & Public Employment

Representative Mark M. Nakashima, Chair

Representative Mark J. Hashem, Vice Chair

Friday, February 8, 2013, 9:00 a.m.
State Capitol, Conference Room 309

by

Dee Wakabayashi

Department Head, Human Resources

The Judiciary, State of Hawai'i

WRITTEN TESTIMONY ONLY

Bill No. and Title: House Bill 807, Relating to Retirement Benefits for Judges

Purpose: House Bill 807 proposes to correct sections 88-73(b) and 88-74(c) and (d), Hawai'i Revised Statutes, to restore parity with respect to age and service retirement requirements between judges who first earned service credit as a judge after June 30, 2012 but who were members of the Employees' Retirement System (ERS) prior to July 1, 2012 and other contributory plan members who became members of the ERS at the same time.

Judiciary's Position:

The Judiciary supports House Bill 807 as individuals who became members of the ERS at the same time should enjoy parity with respect to age and service requirements for retirement, inclusive of those current members who become judges after June 30, 2012.

The Judiciary recognizes and appreciates the effort to address the unfunded liability of the ERS. To this end, Act 163 (SLH 2011) established more stringent age and service requirements for retirement by individuals who become members after June 30, 2012.

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House Bill 807, Relating to Retirement Benefits for Judges
Committee on Labor & Public Employment
Friday, February 8, 2013
Page 2

Prior to Act 163, the age and service requirements for retirement for judges were the same as for other contributory plan members who became members of the ERS at the same time. However, with Act 163, a disparity arose resulting in current members (prior to July 1, 2012) of the system who become judges after June 30, 2012 being subject to the more stringent age and service requirements for retirement than other contributory plan members who became members of the system at the same time.

This disparity serves as a disincentive for those current ERS members who wish to become judges, such as prosecutors, public defenders, deputy attorneys general, etc., as now they will be subject to the more stringent age and service requirements for retirement, essentially being treated as new ERS members. It is not only reasonable, but appropriate, that these current members who become judges after June 30, 2012, continue to enjoy equivalent age and service requirements for retirement as other contributory plan members who became ERS members prior to July 1, 2012.

Thank you for the opportunity to testify on this measure.

TESTIMONY BY WESLEY K. MACHIDA
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
HOUSE BILL NO. 807

FEBRUARY 8, 2013

RELATING TO RETIREMENT BENEFIT FOR JUDGES

Chair Nakashima and Members of the Committee,

H.B. 807 proposes to amend sections 88-73 and 88-74 of the Hawaii Revised Statutes to correct errors 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 became members prior to July 1, 2012.

Prior to the enactment of Act 163, Session Laws of Hawaii 2011, the age and service requirements for judges were the same as for other contributory plan members who became members of the ERS 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 ERS Board of Trustees supports this bill as it restores retirement eligibility parity for judges that should not have been altered with Act 163.

Thank you for the opportunity to testify on this important measure.