
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. Chapter 88, Hawaii Revised Statutes, is amended
2 by adding a new section to part II, subpart C, to be
3 appropriately designated and to read as follows:

4 "§88- Forfeiture of benefits; felony convictions or
5 pleas of members. (a) The system shall forfeit all retirement
6 benefits provided by law of any member who is an active employee
7 upon the final conviction of or pleading guilty or nolo
8 contendere to a felony in a state or federal court of competent
9 jurisdiction; provided that the forfeiture of retirement
10 benefits shall not occur if the member received a deferred
11 sentence; provided further that the provision of such retirement
12 benefits shall not commence prior to the completion of the
13 deferred sentence. The forfeiture of retirement benefits shall
14 not include a member's contributions to the system, interest on
15 those contributions, or retirement benefits that are vested on
16 the effective date of this Act.

17 (b) Subsection (a) shall also apply to any member who,
18 after leaving active employment, is convicted of or pleads



1 guilty or nolo contendere in a state or federal court of
2 competent jurisdiction to a felony committed while an employee
3 if the felony committed includes bribery, corruption, forgery,
4 perjury, or any other crime related to the duties of the
5 member's employment.

6 (c) Any claim for payment of retirement benefits to any
7 member suspended from or forfeiting the member's retirement
8 benefits shall be denied by the system.

9 (d) Any suspension or forfeiture of retirement benefits
10 shall continue until a felony conviction or guilty plea is
11 reversed by the highest appellate court to which the member may
12 appeal.

13 (e) The prosecuting attorney shall notify the system that
14 the member's felony conviction or plea qualifies for forfeiture
15 of retirement benefits. Upon receipt of such notice, the system
16 shall immediately suspend all benefits of the member and notify
17 the member of the member's right to a hearing to review whether
18 the conviction or plea qualifies for forfeiture of retirement
19 benefits.

20 (f) If the conviction or plea occurs in federal court or
21 the notice of conviction or plea is not from a prosecuting
22 attorney of this State, the system may investigate and gather



1 documents and contact a prosecuting attorney of this State to
2 determine whether the conviction or plea qualifies for
3 forfeiture of retirement benefits. Upon obtaining sufficient
4 documentation of the conviction or plea, the system shall
5 immediately suspend all benefits of the member and notify the
6 member of the member's right to a hearing to review whether the
7 conviction or plea qualifies for forfeiture of retirement
8 benefits."

9 SECTION 2. New statutory material is underscored.

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



Report Title:

Employees' Retirement System; Retirement Benefits; Felony Convictions and Guilty Pleas; Forfeiture

Description:

Requires the employees' retirement system to forfeit the employers' contribution and interest portion of retirement benefits upon a member's final conviction of or pleading guilty or nolo contendere to a felony. Establishes that the forfeiture of retirement benefits does not include a member's contributions to the system or vested retirement benefits. Applies forfeiture of benefits to members who leave active employment if the conviction or plea includes bribery, corruption, forgery, perjury, or any other crime related to the duties of the member's employment. Establishes procedure for the forfeiture of retirement benefits. (Proposed SD1)

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