

TESTIMONY BY WESLEY K. MACHIDA
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2386

February 19, 2014, 3:00 PM

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Luke and Members of the Committee:

H.B. 2386 proposes that the Board of Trustees (BOT) of the Employees' Retirement System (ERS) submit an annual report to the director of finance regarding the status of the System.

This report would consist of a schedule of the funding status, a schedule of contributions, alternative projections of cash flows associated with current liabilities for the next 60 years, a statement of actuarial assumptions, a statement of the number and status of ERS members, a statement of the system's investment returns, a statement of the projected elimination of the ERS's unfunded liability, and a statement of the current cost of the system. In addition to being reported to the director of finance, the proposal requires that the report be posted to the ERS website.

The Board is supportive of the transparency of the System and has consistently promoted increased education and information dissemination regarding the ERS's status to its members, legislators and the general public.

As most of the requested information for the proposed report under H.B. 2386 is already available in the ERS's Comprehensive Annual Financial Report, the Annual Actuarial Valuation Report and the ERS Investment Performance reports (all of which are accessible through the ERS website), the Board respectfully requests clarification as to the necessity of an additional annual report to the director of finance.

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