

STAND. COM. REP. NO. 2765

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2346  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2346, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose and intent of this measure is to strengthen the investment capabilities and societal responsibilities of the Employees' Retirement System.

The measure accomplishes these objectives by:

- (1) Increasing the types of investment personnel that the Board of Trustees of the Employees' Retirement System may appoint, and to exempt, or authorize the exemption, of all investment personnel from both civil service and collective bargaining laws;
- (2) Requiring the Employees' Retirement System to pay a spouse or former spouse of a member or retirant all or a portion of the member's or retirant's benefits pursuant to a Hawaii domestic relations order; and
- (3) Appropriating funds for a claims examiner position and for planning and expenditures necessary to implement this measure.



Your Committee received written comments on this measure from the Employees' Retirement System and the Hawaii Government Employees Association.

Your Committee finds that seventy to eighty per cent of member and retirant benefits are attributable to investment earnings, and that the Board of Trustees of the Employees' Retirement System relies heavily on internal and external investment experts for advice. The Employees' Retirement System believes that its current staffing structure will not meet its long term needs and will need to be augmented, given the complexity of the system's portfolios and the dynamics of modern financial markets. This measure will ensure that the Employees' Retirement System will be able to recruit and maintain a team of seasoned and experienced investment specialists.

Your Committee further finds that a spouse or former spouse of a member or retirant, who is authorized by a domestic relations order to receive payments from the member or retirant, must rely upon that member or retirant to send the payment. In some cases, the member or retirant does not send the full amount due, does not send the payment in a timely manner, or does not send it at all. This measure will ensure that the spouse or former spouse receives payments directly from the Employees' Retirement System and not from the member or retirant.

Your Committee has amended this measure by:

- (1) Changing the term "Hawaii domestic relations order" to "qualified domestic relations order;" and
- (2) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2346, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2346, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,




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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 2346, SD1</b>	Committee Referral: <b>SDL, WAM</b>	Date: <b>8/24/16</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene				/
INOUE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
<b>TOTAL</b>	<b>10</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes