

TESTIMONY BY KANOE MARGOL
INTERIM EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
SENATE BILL NO. 1209

FEBRUARY 3, 2015, 9:00 A.M.

RELATING TO THE RETIREMENT OF JUDGES

Chair Keith-Agaran, Vice Chair Shimabukuro and Members of the Committee,

S.B. 1209, proposes to amend sections 88-73(b) and 88-74 of the Hawaii Revised Statutes to harmonize service retirement requirements for members of the Employees' Retirement System who become judges of the ERS after June 30, 2012.

Prior to the enactment of Act 163, Session Laws of Hawaii 2011, the age and service requirements for retirement for judges were the same as other contributory members who became members of the system at the same time. Act 163 enacted more stringent age and service requirements for members who became members of the system after June 30, 2012.

This proposal restores the age and service retirement requirements under sections 88-73(b) and 88-74(c) and (d) for current members who become judges after June 30, 2012 to the same age and service retirement requirements as other Contributory Plan members who became ERS members prior to July 1, 2012. Act 163 enacted more stringent retirement requirements for individuals who become members of the system after June 30, 2012, and for current members who become judges after June 30, 2012. This will restore parity for judges with respect to the requirements for all other Contributory Plan members who became ERS members at the same time.

In conclusion, these amendments are necessary to correct, clarify and harmonize the benefit changes made to Act 163, Session Laws of Hawaii, 2011. The ERS Board of Trustees strongly supports this bill.

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



The Judiciary, State of Hawai'i

Testimony to the Senate Committee on Judiciary and Labor

Senator Gilbert S.C. Keith-Agaran, Chair

Senator Maile S. L. Shimabukuro, Vice Chair

Tuesday, February 03, 2015, 9:00a.m.
State Capitol, Conference Room 016

by

Dee L. Wakabayashi

Department Head, Human Resources

WRITTEN TESTIMONY ONLY

Bill No. and Title: Senate Bill 1209, Relating to Retirement of Judges

Purpose: Senate Bill 1209 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 for 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 with other contributory plan members who became members of the ERS at the same time.

Judiciary's Position:

The Judiciary supports Senate Bill 1209 as individuals who became members of the ERS at the same time should have parity with respect to age and service requirements for retirement, inclusive of those current members who became judges after June 30, 2012.

The Judiciary recognizes that in order to address the unfunded liability of the State, Act 163, Session Laws of Hawaii 2011 (Act 163) was enacted to establish more stringent age and service requirements for retirement by individuals who became members after June 30, 2012.

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 (were members prior to July 1, 2012) of the system who became 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.



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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 have 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.