

TESTIMONY BY KANOE MARGOL
INTERIM EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL 133, S.D. 1

FEBRUARY 27, 2015, 9:00 A.M.

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Tokuda, Vice Chair Nishimoto and Members of the Committee:

S.B. 133, S.D. 1 allows the court to decree a forfeiture of retirement benefits by the member, former member, or retirant of the Employees' Retirement System (ERS) convicted of a felony that the court finds is related to the employment of the member, former member, or retirant by the State or county.

To ensure that the forfeiture will not violate the constitutional protections under article XVI, section 2, of the Hawaii State Constitution which states that the accrued benefits of ERS members shall not be diminished or impaired, S.B. 133, S.D. 1 expressly protects benefits that accrued prior to the effective date of the act. S.B. 133, S.D.1 also protects benefits to beneficiaries of the member, former member or retirant of the ERS.

For consideration by this Committee, the ERS staff would like to suggest several clarifications to strengthen the proposal's effectiveness and facilitate its application. The attached document suggests language for a proposed S.D. 2, which will specify that the forfeiture of benefits would be a civil penalty that the court would determine, based on a preponderance of evidence and also clarifies its effective date.

The Board of Trustees of the ERS strongly supports intent of this proposal.

Thank you for the opportunity to provide testimony on this important legislation.