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TESTIMONY BY THOMAS WILLIAMS
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STATE OF HAWAII

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
AND
THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON

SENATE BILL NO. 2841

MARCH 11, 2016, 10:30 A.M.

RELATING TO PAYMENTS MADE BY EMPLOYERS TO THE EMPLOYEES' RETIREMENT
SYSTEM

Chairs Nakashima and Choy, Vice Chairs Keohokalole and Ichiyama, and Members of the
Committee,

S.B. 2841 proposes to amend Sections 88-124 and 88-126(a) and (b), Hawaii Revised Statutes
(HRS) to facilitate advance payment by the State and counties of contributions to the
Employees' Retirement System (ERS).

Currently, sections 88-124 and 88-126, HRS, provide for payment of State and county employer
contributions to the ERS on a monthly basis, in arrears. Advance payment is not prohibited;
however, if the statutes are read strictly, monthly payments are still required, even if an
employer has paid most of the fiscal year's contributions in advance.

This bill confirms that employers may make contributions in advance and provides that monthly
payments are not required if previous advance payments were sufficient to cover the required
contributions for the month. The bill also clarifies the manner in which the quarterly
reconciliations between what an employer has paid and what an employer actually owes will be
made.



Employees' Retirement System
of the State of Hawaii

When employers make advance payments of their contributions, the ERS is able to invest the funds sooner, thereby increasing the potential for greater investment returns, which will reduce the system's unfunded liability. At our current ERS investment return rate, the ERS expects to earn an additional \$500 million over 20 years, far exceeding the State's probable return; these additional earnings have the potential of reducing the level of required employer contributions in the future.

The Board of Trustees of the Employees' Retirement System supports this legislation.

Thank you for this opportunity to provide testimony on S.B. 2841.

LABtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 10, 2016 10:18 AM
To: LABtestimony
Cc: victor.ramos@mpd.net
Subject: *Submitted testimony for SB2841 on Mar 11, 2016 10:30AM*

SB2841

Submitted on: 3/10/2016

Testimony for LAB on Mar 11, 2016 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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