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## A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 88-47, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) There shall be four classes of members in the system  
4 to be known as class A, class B, class C, and class H, defined  
5 as follows:

6           (1) Class A shall consist of:

7                   (A) Judges[]; elected officials[]; and legislative  
8                   officers[] in service prior to July 1, 2017;

9                   (B) Investigators of the department of the attorney  
10                   general, narcotics enforcement investigators,  
11                   water safety officers not making the election  
12                   under section 88-271, and public safety  
13                   investigations staff investigators;

14                   (C) Those members in service prior to July 1, 1984,  
15                   including those who are on approved leave of  
16                   absence, not making the election to become a



- 1 class C member as provided in part VII or to  
2 become a class H member as provided in part VIII;
- 3 (D) The following members in service prior to July 1,  
4 2006, including those who are on approved leave  
5 of absence, not making the election to become a  
6 class H member as provided in part VIII:
- 7 (i) Members whose salaries are set forth in  
8 sections 26-52 and 26-53 and their county  
9 counterparts, managing directors or an  
10 administrative assistant to the mayor, other  
11 county department heads, and agency heads  
12 appointed and subject to removal by the  
13 mayor;
- 14 (ii) First deputies appointed by the county  
15 attorney and prosecuting attorney;
- 16 (iii) The county clerk and deputy county clerk of  
17 each county;
- 18 (iv) The directors of the offices of council  
19 services of the county of Maui and the city  
20 and county of Honolulu;
- 21 (v) The administrative director of the courts;



- 1                   (vi) The deputy administrative director of the
- 2                               courts;
- 3                   (vii) The executive officer of the labor and
- 4                               industrial relations appeals board; and
- 5                   (viii) The executive officer of the Hawaii labor
- 6                               relations board;
- 7           (E) All former class A retirants who return to
- 8                               employment after June 30, 1984, requiring the
- 9                               retirant's active membership; and
- 10           (F) All former class B retirants who return to
- 11                              employment requiring the retirant's active
- 12                              membership, except for:
- 13                              (i) Former retirants who return in the positions
- 14                                       of police officer or firefighter;
- 15                              (ii) Former retirants who were members on July 1,
- 16                                       1957, who elected not to be covered by the
- 17                                       Social Security Act; and
- 18                              (iii) Former retirants who were in positions to
- 19                                       which coverage under Title II of the Social
- 20                                       Security Act was not extended who entered



1 membership after June 30, 1957, but before  
2 January 1, 2004;

3 (2) Class B shall consist of:

4 (A) Police officers and firefighters, including  
5 former retirants who return to service in such  
6 capacity;

7 (B) All employees, including former retirants, who  
8 were members on July 1, 1957, who elected not to  
9 be covered by the Social Security Act; and

10 (C) All employees, including former retirants, in  
11 positions to which coverage under Title II of the  
12 Social Security Act is not extended, who enter  
13 membership after June 30, 1957, but before  
14 January 1, 2004, not making the election to  
15 become a class H member as provided in part VIII;

16 (3) Except for members described in paragraphs (1) and  
17 (2), class C shall consist of all employees, not  
18 making the election to become a class H member as  
19 provided in part VIII, who:

20 (A) First enter service after June 30, 1984, but  
21 before July 1, 2006;



1 (B) Reenter service after June 30, 1984, but before  
2 July 1, 2006, without vested benefit status as  
3 provided in section 88-96(b);

4 (C) Make the election to become a class C member as  
5 provided in part VII; or

6 (D) Are former class C retirants who return to  
7 service requiring the retirant's active  
8 membership; and

9 (4) Except for members described in paragraphs (1) and  
10 (2), class H shall consist of all employees who:

11 (A) First enter service after June 30, 2006;

12 (B) Reenter service after June 30, 2006, without  
13 vested benefit status as provided in section 88-  
14 96(b);

15 (C) Make the election to become a class H member as  
16 provided in part VIII; or

17 (D) Are former class H retirants who return to  
18 service requiring the retirant's active  
19 membership."

20 SECTION 2. Section 88-74, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           "§88-74 Allowance on service retirement. (a) Upon  
2 retirement from service, a member shall receive a maximum  
3 retirement allowance as provided in this section.

4           (b) If a member, who became a member before July 1, 2012,  
5 has attained age fifty-five, the member's maximum retirement  
6 allowance shall be two per cent of the member's average final  
7 compensation multiplied by the total number of years of the  
8 member's credited service as a class A and class B member,  
9 excluding any credited service as a judge, elective officer, or  
10 legislative officer, plus a retirement allowance of one and one-  
11 fourth per cent of the member's average final compensation  
12 multiplied by the total number of years of prior credited  
13 service as a class C member, plus a retirement allowance of two  
14 per cent of the member's average final compensation multiplied  
15 by the total number of years of prior credited service as a  
16 class H member; provided that:

17           (1) After June 30, 1968, if the member has at least ten  
18 years of credited service of which the last five or  
19 more years prior to retirement is credited service as  
20 a firefighter, police officer, or an investigator of  
21 the department of the prosecuting attorney;



# H.B. NO. 828

- 1           (2) After June 30, 1977, if the member has at least ten  
2           years of credited service of which the last five or  
3           more years prior to retirement is credited service as  
4           a corrections officer;
- 5           (3) After June 16, 1981, if the member has at least ten  
6           years of credited service of which the last five or  
7           more years prior to retirement is credited service as  
8           an investigator of the department of the attorney  
9           general;
- 10          (4) After June 30, 1989, if the member has at least ten  
11          years of credited service of which the last five or  
12          more years prior to retirement is credited service as  
13          a narcotics enforcement investigator;
- 14          (5) After December 31, 1993, if the member has at least  
15          ten years of credited service of which the last five  
16          or more years prior to retirement is credited service  
17          as a water safety officer;
- 18          (6) After June 30, 1994, if the member has at least ten  
19          years of credited service, of which the last five or  
20          more years prior to retirement are credited service as  
21          a public safety investigations staff investigator;



- 1           (7) After June 30, 2002, if the member:
- 2                 (A) Has at least ten years of credited service as a
- 3                         firefighter;
- 4                 (B) Is deemed permanently medically disqualified due
- 5                         to a service related disability to be a
- 6                         firefighter by the employer's physician; and
- 7                 (C) Continues employment in a class A or B position
- 8                         other than a firefighter; and
- 9           (8) After June 30, 2004, if the member:
- 10                (A) Has at least ten years of credited service as a
- 11                         police officer;
- 12                (B) Is deemed permanently medically disqualified due
- 13                         to a service related disability to be a police
- 14                         officer by the employer's physician; and
- 15                (C) Continues employment in a class A or B position
- 16                         other than a police officer;
- 17 then for each year of service as a firefighter, police officer,
- 18 corrections officer, investigator of the department of the
- 19 prosecuting attorney, investigator of the department of the
- 20 attorney general, narcotics enforcement investigator, water
- 21 safety officer, or public safety investigations staff





1 investigator, the retirement allowance shall be two and one-half  
2 per cent of the member's average final compensation. The  
3 maximum retirement allowance for those members shall not exceed  
4 eighty per cent of the member's average final compensation. If  
5 the member has not attained age fifty-five, the member's  
6 retirement allowance shall be computed as though the member had  
7 attained age fifty-five, reduced for age as provided in  
8 subsection (e).

9 (c) If a member, who became a member prior to July 1,  
10 2012, has credited service as a judge, the member's retirement  
11 allowance shall be computed on the following basis:

12 (1) For a member who has credited service as a judge  
13 before July 1, 1999, irrespective of age, for each  
14 year of credited service as a judge, three and one-  
15 half per cent of the member's average final  
16 compensation in addition to an annuity that is the  
17 actuarial equivalent of the member's accumulated  
18 contributions allocable to the period of service;

19 (2) For a member who first earned credited service as a  
20 judge after June 30, 1999, but before July 1, 2012,  
21 for each year of credited service as a judge, three



1 and one-half per cent of the member's average final  
2 compensation in addition to an annuity that is the  
3 actuarial equivalent of the member's accumulated  
4 contributions allocable to the period of service. If  
5 the member has not attained age fifty-five, the  
6 member's retirement allowance shall be computed as  
7 though the member had attained age fifty-five, reduced  
8 for age as provided in subsection (e);

9 (3) For a member who first earned credited service as a  
10 judge after June 30, 2012, for each year of credited  
11 service as a judge, three per cent of the member's  
12 average final compensation in addition to an annuity  
13 that is the actuarial equivalent of the member's  
14 accumulated contributions allocable to the period of  
15 service. If the member has not attained age sixty,  
16 the member's retirement allowance shall be computed as  
17 though the member had attained age sixty, reduced for  
18 age as provided in subsection (i);

19 (4) For a judge with other credited service, as provided  
20 in subsection (b). If the member has not attained age  
21 fifty-five, the member's retirement allowance shall be



1           computed as though the member had attained age fifty-  
2           five, reduced for age as provided in subsection (e);  
3           or

4           (5) For a judge with credited service as an elective  
5           officer or as a legislative officer, as provided in  
6           subsection (d).

7   No allowance shall exceed seventy-five per cent of the member's  
8   average final compensation. If the allowance exceeds this  
9   limit, it shall be adjusted by reducing the annuity included in  
10  paragraphs (1), (2), and (3) and the portion of the accumulated  
11  contributions specified in paragraphs (1), (2), and (3) in  
12  excess of the requirements of the reduced annuity shall be  
13  returned to the member upon the member's retirement or paid to  
14  the member's designated beneficiary upon the member's death  
15  while in service or while on authorized leave without pay. The  
16  allowance for judges under this subsection, together with the  
17  retirement allowance provided by the federal government for  
18  similar service, shall in no case exceed seventy-five per cent  
19  of the member's average final compensation.

20           (d) If a member, who became a member before July 1, 2012,  
21  has credited service as an elective officer or as a legislative



1 officer, the member's retirement allowance shall be derived by  
2 adding the allowances computed separately under paragraphs (1),  
3 (2), (3), (4), (5), and (6) as follows:

- 4 (1) For a member who has credited service as an elective  
5 officer before July 1, 2012, irrespective of age, for  
6 each year of credited service as an elective officer,  
7 three and one-half per cent of the member's average  
8 final compensation as computed under section 88-  
9 81(e)(1), in addition to an annuity that is the  
10 actuarial equivalent of the member's accumulated  
11 contributions allocable to the period of service;
- 12 (2) For a member, who first earned credited service as an  
13 elective officer after June 30, 2012, irrespective of  
14 age, for each year of credited service as an elective  
15 officer, three per cent of the member's average final  
16 compensation as computed under section 88-81(e)(1), in  
17 addition to an annuity that is the actuarial  
18 equivalent of the member's accumulated contributions  
19 allocable to the period of service;
- 20 (3) For a member who has credited service as a legislative  
21 officer before July 1, 2012, irrespective of age, for



1 each year of credited service as a legislative  
2 officer, three and one-half per cent of the member's  
3 average final compensation as computed under section  
4 88-81(e)(2), in addition to an annuity that is the  
5 actuarial equivalent of the member's accumulated  
6 contributions allocable to the period of service;

7 (4) For a member who first earned credited service as a  
8 legislative officer after June 30, 2012, irrespective  
9 of age, for each year of credited service as a  
10 legislative officer, three per cent of the member's  
11 average final compensation as computed under section  
12 88-81(e)(2), in addition to an annuity that is the  
13 actuarial equivalent of the member's accumulated  
14 contributions allocable to the period of service;

15 (5) If the member has credited service as a judge, the  
16 member's retirement allowance shall be computed on the  
17 following basis:

18 (A) For a member who has credited service as a judge  
19 before July 1, 1999, irrespective of age, for  
20 each year of credited service as a judge, three  
21 and one-half per cent of the member's average



1 final compensation as computed under section 88-  
2 81(e)(3), in addition to an annuity that is the  
3 actuarial equivalent of the member's accumulated  
4 contributions allocable to the period of service;

5 (B) For a member who first earned credited service as  
6 a judge after June 30, 1999, but before July 1,  
7 2012, and has attained the age of fifty-five, for  
8 each year of credited service as a judge, three  
9 and one-half per cent of the member's average  
10 final compensation as computed under section 88-  
11 81(e)(3), in addition to an annuity that is the  
12 actuarial equivalent of the member's accumulated  
13 contributions allocable to the period of service.  
14 If the member has not attained age fifty-five,  
15 the member's retirement allowance shall be  
16 computed as though the member had attained age  
17 fifty-five, reduced for age as provided in  
18 subsection (e); and

19 (C) For a member who first earned credited service as  
20 a judge after June 30, 2012, and has attained the  
21 age of sixty, for each year of credited service



1 as a judge, three per cent of the member's  
2 average final compensation as computed under  
3 section 88-81(e)(3), in addition to an annuity  
4 that is the actuarial equivalent of the member's  
5 accumulated contributions allocable to the period  
6 of service. If the member has not attained age  
7 sixty, the member's retirement allowance shall be  
8 computed as though the member had attained age  
9 sixty, reduced for age as provided in subsection  
10 (i); and

11 (6) For each year of credited service not included in  
12 paragraph (1), (2), (3), (4), or (5), the average  
13 final compensation as computed under section 88-  
14 81(e)(4) shall be multiplied by two per cent for  
15 credited service earned as a class A or class H  
16 member, two and one-half per cent for credited service  
17 earned as a class B member, and one and one-quarter  
18 per cent for credited service earned as a class C  
19 member. If the member has not attained age fifty-  
20 five, the member's retirement allowance shall be



1           computed as though the member had attained age fifty-  
2           five, reduced for age as provided in subsection (e).  
3   The total retirement allowance shall not exceed seventy-five per  
4   cent of the member's highest average final compensation  
5   calculated under section 88-81(e)(1), (2), (3), or (4). If the  
6   allowance exceeds this limit, it shall be adjusted by reducing  
7   any annuity accrued under paragraphs (1), (2), (3), (4), and (5)  
8   and the portion of the accumulated contributions specified in  
9   these paragraphs in excess of the requirements of the reduced  
10   annuity shall be returned to the member upon the member's  
11   retirement or paid to the member's designated beneficiary upon  
12   the member's death while in service or while on authorized leave  
13   without pay. If a member has service credit as an elective  
14   officer or as a legislative officer in addition to service  
15   credit as a judge, then the retirement benefit calculation  
16   contained in this subsection shall supersede the formula  
17   contained in subsection (c).

18           (e) Except as provided in subsections (b), (c), and (d),  
19   if a member, who became a member before July 1, 2012, has not  
20   attained age fifty-five at the date of retirement, the member's  
21   retirement allowance shall be reduced, for each month the





1 member's age at the date of retirement is below age fifty-five,  
2 as follows:

3 (1) 0.4166 per cent for each month below age fifty-five  
4 and above age forty-nine and eleven months; plus

5 (2) 0.3333 per cent for each month below age fifty and  
6 above age forty-four and eleven months; plus

7 (3) 0.2500 per cent for each month below age forty-five  
8 and above age thirty-nine and eleven months; plus

9 (4) 0.1666 per cent for each month below age forty;

10 provided that no reduction shall be made if the member has at  
11 least twenty-five years of credited service as a firefighter,  
12 police officer, corrections officer, investigator of the  
13 department of the prosecuting attorney, investigator of the  
14 department of the attorney general, narcotics enforcement  
15 investigator, public safety investigations staff investigator,  
16 sewer worker, or water safety officer, of which the last five or  
17 more years prior to retirement is credited service in these  
18 capacities.

19 (f) If a member, who becomes a member after June 30, 2012,  
20 but before July 1, 2017, has attained age sixty, the member's  
21 maximum retirement allowance shall be one and three-fourths per



1 cent of the member's average final compensation multiplied by  
2 the total number of years of the member's credited service as a  
3 class A and class B member, excluding any credited service as a  
4 judge, elective officer, or legislative officer, plus a  
5 retirement allowance of one and one-fourth per cent of the  
6 member's average final compensation multiplied by the total  
7 number of years of prior credited service as a class C member,  
8 plus a retirement allowance of one and three-fourths per cent of  
9 the member's average final compensation multiplied by the total  
10 number of years of prior credited service as a class H member;  
11 provided that:

- 12 (1) If the member has at least ten years of credited  
13 service of which the last five or more years prior to  
14 retirement is credited service as a firefighter,  
15 police officer, or an investigator of the department  
16 of the prosecuting attorney;
- 17 (2) If the member has at least ten years of credited  
18 service of which the last five or more years prior to  
19 retirement is credited service as a corrections  
20 officer;



- 1           (3) If the member has at least ten years of credited  
2           service of which the last five or more years prior to  
3           retirement is credited service as an investigator of  
4           the department of the attorney general;
- 5           (4) If the member has at least ten years of credited  
6           service of which the last five or more years prior to  
7           retirement is credited service as a narcotics  
8           enforcement investigator;
- 9           (5) If the member has at least ten years of credited  
10          service, of which the last five or more years prior to  
11          retirement is credited service as a public safety  
12          investigations staff investigator;
- 13          (6) If the member:
- 14               (A) Has at least ten years of credited service as a  
15               firefighter;
- 16               (B) Is deemed permanently medically disqualified due  
17               to a service related disability to be a  
18               firefighter by the employer's physician; and
- 19               (C) Continues employment in a class A or class B  
20               position other than a firefighter; and
- 21          (7) If the member:



1           (A) Has at least ten years of credited service as a  
2           police officer;

3           (B) Is deemed permanently medically disqualified due  
4           to a service related disability to be a police  
5           officer by the employer's physician; and

6           (C) Continues employment in a class A or class B  
7           position other than a police officer,

8 then for each year of service as a firefighter, police officer,  
9 corrections officer, investigator of the department of the  
10 prosecuting attorney, investigator of the department of the  
11 attorney general, narcotics enforcement investigator, or public  
12 safety investigations staff investigator, the retirement  
13 allowance shall be two and one-fourth per cent of the member's  
14 average final compensation. The maximum retirement allowance  
15 for those members shall not exceed eighty per cent of the  
16 member's average final compensation. If the member has not  
17 attained age sixty, the member's retirement allowance shall be  
18 computed as though the member had attained age sixty, reduced  
19 for age as provided in subsection (i).

20           (g) If a member, who becomes a member after June 30, 2012,  
21 but before July 1, 2017, has credited service as a judge, the



1 member's retirement allowance shall be computed on the following  
2 basis:

3 (1) For each year of credited service as a judge, three  
4 per cent of the member's average final compensation in  
5 addition to an annuity that is the actuarial  
6 equivalent of the member's accumulated contributions  
7 allocable to the period of service. If the member has  
8 not attained age sixty, the member's retirement  
9 allowance shall be computed as though the member had  
10 attained age sixty, reduced for age as provided in  
11 subsection (i);

12 (2) For a judge with other credited service, as provided  
13 in subsection (f). If the member has not attained age  
14 sixty, the member's retirement allowance shall be  
15 computed as though the member had attained age sixty,  
16 reduced for age as provided in subsection (i); and

17 (3) For a judge with credited service as an elective  
18 officer or as a legislative officer, as provided in  
19 subsection (h).

20 No allowance shall exceed seventy-five per cent of the member's  
21 average final compensation. If the allowance exceeds this



1 limit, it shall be adjusted by reducing the annuity included in  
2 paragraph (1) and the portion of the accumulated contributions  
3 specified in paragraph (1) in excess of the requirements of the  
4 reduced annuity shall be returned to the member upon the  
5 member's retirement or paid to the member's designated  
6 beneficiary upon the member's death while in service or while on  
7 authorized leave without pay. The allowance for judges under  
8 this subsection, together with the retirement allowance provided  
9 by the federal government for similar service, shall in no case  
10 exceed seventy-five per cent of the member's average final  
11 compensation.

12 (h) If a member, who becomes a member after June 30, 2012,  
13 but before July 1, 2017, has credited service as an elective  
14 officer or as a legislative officer, the member's retirement  
15 allowance shall be derived by adding the allowances computed  
16 separately under paragraphs (1), (2), (3), and (4) as follows:

17 (1) Irrespective of age, for each year of credited service  
18 as an elective officer, three per cent of the member's  
19 average final compensation as computed under section  
20 88-81(f)(1), in addition to an annuity that is the



- 1 actuarial equivalent of the member's accumulated  
2 contributions allocable to the period of service;
- 3 (2) Irrespective of age, for each year of credited service  
4 as a legislative officer, three per cent of the  
5 member's average final compensation as computed under  
6 section 88-81(f)(2), in addition to an annuity that is  
7 the actuarial equivalent of the member's accumulated  
8 contributions allocable to the period of service;
- 9 (3) For each year of credited service as a judge, three  
10 per cent of the member's average final compensation as  
11 computed under section 88-81(f)(3), in addition to an  
12 annuity that is the actuarial equivalent of the  
13 member's accumulated contributions allocable to the  
14 period of service. If the member has not attained age  
15 sixty, the member's retirement allowance shall be  
16 computed as though the member had attained age sixty,  
17 reduced for age as provided in subsection (i); and
- 18 (4) For each year of credited service not included in  
19 paragraph (1), (2), or (3), the average final  
20 compensation as computed under section 88-81(f)(4)  
21 shall be multiplied by one and three-fourth per cent



1           for credited service earned as a class A or class H  
2           member, two and one-fourth per cent for credited  
3           service earned as a class B member, and one and  
4           one-fourth per cent for credited service earned as a  
5           class C member. If the member has not attained age  
6           sixty, the member's retirement allowance shall be  
7           computed as though the member had attained age sixty,  
8           reduced for age as provided in subsection (i).

9   The total retirement allowance shall not exceed seventy-five per  
10 cent of the member's highest average final compensation  
11 calculated under section 88-81(f)(1), (2), (3), or (4). If the  
12 allowance exceeds this limit, it shall be adjusted by reducing  
13 any annuity accrued under paragraphs (1), (2), and (3) and the  
14 portion of the accumulated contributions specified in these  
15 paragraphs in excess of the requirements of the reduced annuity  
16 shall be returned to the member upon the member's retirement or  
17 paid to the member's designated beneficiary upon the member's  
18 death while in service or while on authorized leave without pay.  
19 If a member has service credit as an elective officer or as a  
20 legislative officer in addition to service credit as a judge,  
21 then the retirement benefit calculation contained in this





1 subsection shall supersede the formula contained in subsection  
2 (g).

3 (i) Except as provided in subsections (f), (g), and (h),  
4 if a member, who becomes a member after June 30, 2012, but  
5 before July 1, 2017, has not attained age sixty at the date of  
6 retirement, the member's retirement allowance shall be reduced,  
7 for each month the member's age at the date of retirement is  
8 below age sixty, as follows:

9 (1) 0.4166 per cent for each month below age sixty and  
10 above age fifty-four and eleven months; plus

11 (2) 0.3333 per cent for each month below age fifty-five  
12 and above age forty-nine and eleven months; plus

13 (3) 0.2500 per cent for each month below age fifty and  
14 above age forty-four and eleven months; plus

15 (4) 0.1666 per cent for each month below age forty-five;

16 provided that no reduction shall be made if the member has  
17 attained the age of fifty-five and has at least twenty-five  
18 years of credited service as a firefighter, police officer,  
19 corrections officer, investigator of the department of the  
20 prosecuting attorney, investigator of the department of the  
21 attorney general, narcotics enforcement investigator, public



1 safety investigations staff investigator, sewer worker, water  
2 safety officer, or emergency medical technician, of which the  
3 last five or more years prior to retirement is credited service  
4 in these capacities.

5 (j) If a member, who becomes a member after June 30, 2017,  
6 has attained age sixty, the member's maximum retirement  
7 allowance shall be one and three-fourths per cent of the  
8 member's average final compensation multiplied by the total  
9 number of years of the member's credited service as a class A  
10 and class B member, excluding any credited service as a judge or  
11 elective officer, plus a retirement allowance of one and one-  
12 fourth per cent of the member's average final compensation  
13 multiplied by the total number of years of prior credited  
14 service as a class C member, plus a retirement allowance of one  
15 and three-fourths per cent of the member's average final  
16 compensation multiplied by the total number of years of prior  
17 credited service as a class H member; provided that:

18 (1) If the member has at least ten years of credited  
19 service of which the last five or more years prior to  
20 retirement is credited service as a firefighter,



1           police officer, or an investigator of the department  
2           of the prosecuting attorney;

3       (2) If the member has at least ten years of credited  
4           service of which the last five or more years prior to  
5           retirement is credited service as a corrections  
6           officer;

7       (3) If the member has at least ten years of credited  
8           service of which the last five or more years prior to  
9           retirement is credited service as an investigator of  
10          the department of the attorney general;

11       (4) If the member has at least ten years of credited  
12          service of which the last five or more years prior to  
13          retirement is credited service as a narcotics  
14          enforcement investigator;

15       (5) If the member has at least ten years of credited  
16          service, of which the last five or more years prior to  
17          retirement is credited service as a public safety  
18          investigations staff investigator;

19       (6) If the member:

20           (A) Has at least ten years of credited service as a  
21           firefighter;



1           (B) Is deemed permanently medically disqualified due  
2           to a service related disability to be a  
3           firefighter by the employer's physician; and  
4           (C) Continues employment in a class A or class B  
5           position other than a firefighter; and  
6        (7) If the member:  
7           (A) Has at least ten years of credited service as a  
8           police officer;  
9           (B) Is deemed permanently medically disqualified due  
10          to a service related disability to be a police  
11          officer by the employer's physician; and  
12          (C) Continues employment in a class A or class B  
13          position other than a police officer,  
14        then for each year of service as a firefighter, police officer,  
15        corrections officer, investigator of the department of the  
16        prosecuting attorney, investigator of the department of the  
17        attorney general, narcotics enforcement investigator, or public  
18        safety investigations staff investigator, the retirement  
19        allowance shall be two and one-fourth per cent of the member's  
20        average final compensation. The maximum retirement allowance  
21        for those members shall not exceed eighty per cent of the



1 member's average final compensation. If the member has not  
2 attained age sixty, the member's retirement allowance shall be  
3 computed as though the member had attained age sixty, reduced  
4 for age as provided in subsection (i).

5 (k) If a member, who becomes a member after June 30, 2017,  
6 has credited service as a judge, the member's retirement  
7 allowance shall be computed on the following basis:

8 (1) For each year of credited service as a judge, three  
9 per cent of the member's average final compensation in  
10 addition to an annuity that is the actuarial  
11 equivalent of the member's accumulated contributions  
12 allocable to the period of service. If the member has  
13 not attained age sixty, the member's retirement  
14 allowance shall be computed as though the member had  
15 attained age sixty, reduced for age as provided in  
16 subsection (i);

17 (2) For a judge with other credited service, as provided  
18 in subsection (f). If the member has not attained age  
19 sixty, the member's retirement allowance shall be  
20 computed as though the member had attained age sixty,  
21 reduced for age as provided in subsection (i); and



1       (3) For a judge with credited service as an elective  
2           officer, as provided in subsection (1).

3 No allowance shall exceed seventy-five per cent of the member's  
4 average final compensation. If the allowance exceeds this  
5 limit, it shall be adjusted by reducing the annuity included in  
6 paragraph (1) and the portion of the accumulated contributions  
7 specified in paragraph (1) in excess of the requirements of the  
8 reduced annuity shall be returned to the member upon the  
9 member's retirement or paid to the member's designated  
10 beneficiary upon the member's death while in service or while on  
11 authorized leave without pay. The allowance for judges under  
12 this subsection, together with the retirement allowance provided  
13 by the federal government for similar service, shall in no case  
14 exceed seventy-five per cent of the member's average final  
15 compensation.

16       (1) If a member, who becomes a member after June 30, 2017,  
17 has credited service as an elective officer, the member's  
18 retirement allowance shall be derived by adding the allowances  
19 computed separately under paragraphs (1), (2), (3), and (4) as  
20 follows:



- 1       (1) Irrespective of age, for each year of credited service  
2       as an elective officer, three per cent of the member's  
3       average final compensation as computed under section  
4       88-81(f)(1), in addition to an annuity that is the  
5       actuarial equivalent of the member's accumulated  
6       contributions allocable to the period of service;
- 7       (2) For each year of credited service as a judge, three  
8       per cent of the member's average final compensation as  
9       computed under section 88-81(f)(3), in addition to an  
10       annuity that is the actuarial equivalent of the  
11       member's accumulated contributions allocable to the  
12       period of service. If the member has not attained age  
13       sixty, the member's retirement allowance shall be  
14       computed as though the member had attained age sixty,  
15       reduced for age as provided in subsection (i); and
- 16       (3) For each year of credited service not included in  
17       paragraph (1) or (2), the average final compensation  
18       as computed under section 88-81(f)(4) shall be  
19       multiplied by one and three-fourth per cent for  
20       credited service earned as a class A or class H  
21       member, two and one-fourth per cent for credited



1 service earned as a class B member, and one and  
2 one-fourth per cent for credited service earned as a  
3 class C member. If the member has not attained age  
4 sixty, the member's retirement allowance shall be  
5 computed as though the member had attained age sixty,  
6 reduced for age as provided in subsection (m).

7 The total retirement allowance shall not exceed seventy-five per  
8 cent of the member's highest average final compensation  
9 calculated under section 88-81(g) (1), (2), or (3). If the  
10 allowance exceeds this limit, it shall be adjusted by reducing  
11 any annuity accrued under paragraphs (1) and (2) and the portion  
12 of the accumulated contributions specified in these paragraphs  
13 in excess of the requirements of the reduced annuity shall be  
14 returned to the member upon the member's retirement or paid to  
15 the member's designated beneficiary upon the member's death  
16 while in service or while on authorized leave without pay. If a  
17 member has service credit as an elective officer in addition to  
18 service credit as a judge, then the retirement benefit  
19 calculation contained in this subsection shall supersede the  
20 formula contained in subsection (k).





1        (m) Except as provided in subsections (j), (k), and (l),  
2 if a member, who becomes a member after June 30, 2017, has not  
3 attained age sixty at the date of retirement, the member's  
4 retirement allowance shall be reduced, for each month the  
5 member's age at the date of retirement is below age sixty, as  
6 follows:

7        (1) 0.4166 per cent for each month below age sixty and  
8 above age fifty-four and eleven months; plus

9        (2) 0.3333 per cent for each month below age fifty-five  
10 and above age forty-nine and eleven months; plus

11       (3) 0.2500 per cent for each month below age fifty and  
12 above age forty-four and eleven months; plus

13       (4) 0.1666 per cent for each month below age forty-five;

14 provided that no reduction shall be made if the member has  
15 attained the age of fifty-five and has at least twenty-five  
16 years of credited service as a firefighter, police officer,  
17 corrections officer, investigator of the department of the  
18 prosecuting attorney, investigator of the department of the  
19 attorney general, narcotics enforcement investigator, public  
20 safety investigations staff investigator, sewer worker, water  
21 safety officer, or emergency medical technician, of which the



1 last five or more years prior to retirement is credited service  
2 in these capacities."

3 SECTION 3. Section 88-76, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§88-76 Allowance on ordinary disability retirement.** Upon  
6 retirement for ordinary disability, a member shall receive a  
7 maximum retirement allowance of one and three-fourths per cent  
8 of the member's average final compensation for each year of  
9 credited service; except that for each year of credited service  
10 as a judge[~~7~~]; an elective officer[~~7~~]; or a legislative  
11 officer[~~7~~] in service prior to July 1, 2017, the member shall  
12 receive a maximum retirement allowance computed as provided in  
13 section 88-74(c), (d), (g), or (h), as applicable. The minimum  
14 retirement allowance payable under this section shall be thirty  
15 per cent of the member's average final compensation."

16 SECTION 4. Section 88-81, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "**§88-81 Average final compensation.** (a) Average final  
19 compensation is the average annual compensation, pay, or salary  
20 upon which a member has made contributions as required by parts  
21 II, VII, and VIII of this chapter.



1           (b) The average final compensation of members shall be  
2 calculated as follows:

3           (1) For employees who become members before January 1,  
4 1971:

5           (A) During the member's five highest paid years of  
6 credited service, including vacation pay, or the  
7 three highest paid years of credited service  
8 excluding vacation pay, whichever is greater; or

9           (B) If the member has fewer than three years of  
10 credited service, during the member's actual  
11 years of credited service;

12          (2) For employees who become members after December 31,  
13 1970, but before July 1, 2012:

14          (A) During the member's three highest paid years of  
15 credited service, excluding vacation pay; or

16          (B) If the member has fewer than three years of  
17 credited service, during the member's actual  
18 years of credited service; and

19          (3) For employees who become members after June 30, 2012:

20          (A) During the member's five highest paid years of  
21 credited service, excluding vacation pay; or



1           (B) If the member has fewer than five years of  
2                           credited service, during the member's actual  
3                           years of credited service.

4           (c) In computing the compensation of a judge, the  
5           compensation paid to the judge by the United States as well as  
6           by the Territory shall be included.

7           (d) For service rendered as a member of the legislature  
8           from and after November 5, 1968, the actual annual salary of a  
9           member shall be the only amount used for determining the  
10          member's average final compensation. For service rendered as a  
11          member of the legislature prior to November 5, 1968, and after  
12          admission of this State into the Union, the annual compensation  
13          of a member shall be computed, for the purpose of determining  
14          the member's average final compensation, as follows:

15          (1) During a year in which a general session was held, it  
16                           shall be deemed to have been an amount equal to four  
17                           times the salary of a member of the legislature for a  
18                           general session; and

19          (2) During a year in which a budget session was held, it  
20                           shall be deemed to have been an amount equal to six



1           times the salary of a member of the legislature for a  
2           budget session.

3 For service rendered as a member of the legislature prior to the  
4 admission of this State into the Union, the annual compensation  
5 of a member shall be deemed to have been four times the salary  
6 of a member of the legislature for a regular session for each  
7 year during the member's term of office.

8           (e) If a member, who became a member before July 1, 2012,  
9 has credited service rendered as an elective officer or as a  
10 legislative officer, the member's average final compensation  
11 shall be computed separately for each category of service as  
12 follows:

- 13           (1) For the three highest paid years of credited service  
14           as an elective officer, or if the member has fewer  
15           than three years of credited service in that capacity,  
16           then the member's actual years of credited service;
- 17           (2) For the three highest paid years of credited service  
18           as a legislative officer, or if the member has fewer  
19           than three years of credited service in that capacity,  
20           then the member's actual years of credited service;



1           (3) For the three highest paid years of credited service  
2           as a judge, or if the member has fewer than three  
3           years of credited service in that capacity, then the  
4           member's actual years of credited service; and

5           (4) For the three highest paid years of credited service  
6           not included in paragraph (1), (2), or (3), or if the  
7           member has fewer than three years of credited service  
8           in that capacity, then the member's actual years of  
9           credited service.

10          (f) If a member, who becomes a member after June 30, 2012,  
11          but before July 1, 2017, has credited service rendered as an  
12          elective officer or as a legislative officer, the member's  
13          average final compensation shall be computed separately for each  
14          category of service as follows:

15           (1) For the five highest paid years of credited service as  
16           an elective officer, or if the member has fewer than  
17           five years of credited service in that capacity, then  
18           the member's actual years of credited service;

19           (2) For the five highest paid years of credited service as  
20           a legislative officer, or if the member has fewer than



1 five years of credited service in that capacity, then  
2 the member's actual years of credited service;

3 (3) For the five highest paid years of credited service as  
4 a judge, or if the member has fewer than five years of  
5 credited service in that capacity, then the member's  
6 actual years of credited service; and

7 (4) For the five highest paid years of credited service  
8 not included in paragraph (1), (2), or (3), or if the  
9 member has fewer than five years of credited service  
10 in that capacity, then the member's actual years of  
11 credited service.

12 (g) If a member, who becomes a member after June 30, 2012,  
13 has credited service rendered as an elective officer, the  
14 member's average final compensation shall be computed separately  
15 for each category of service as follows:

16 (1) For the five highest paid years of credited service as  
17 an elective officer, or if the member has fewer than  
18 five years of credited service in that capacity, then  
19 the member's actual years of credited service;

20 (2) For the five highest paid years of credited service as  
21 a judge, or if the member has fewer than five years of



# H.B. NO. 828

1           credited service in that capacity, then the member's  
 2           actual years of credited service; and

3           (3) For the five highest paid years of credited service  
 4           not included in paragraph (1) or (2), or if the member  
 5           has fewer than five years of credited service in that  
 6           capacity, then the member's actual years of credited  
 7           service."

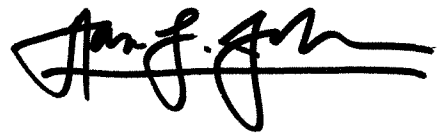
8           SECTION 5. This Act does not affect rights and duties that  
 9           matured, penalties that were incurred, and proceedings that were  
 10          begun before its effective date.

11          SECTION 6. Statutory material to be repealed is bracketed  
 12          and stricken. New statutory material is underscored.

13          SECTION 7. This Act shall take effect on July 1, 2017.

14

INTRODUCED BY: 



JAN 23 2017





# H.B. NO. 828

**Report Title:**

ERS; Legislative Officers; Retirement Benefits

**Description:**

Removes legislative officers from the same retirement benefit class as elected officials.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

