
A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYEES' FRINGE BENEFITS.

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

1 SECTION 1. The legislature notes that section 88-105,
2 Hawaii Revised Statutes, presently requires annual valuation
3 reports for the system.

4 The legislature finds that the State's and counties'
5 liabilities and obligations for the pension and health insurance
6 coverage of public employees are of major concern. State and
7 county contributions as employers for the normal cost and
8 unfunded liability amortization of the employees' retirement
9 system of the State of Hawaii and Hawaii employer-union health
10 benefits trust fund (EUTF) are increasing. The legislature
11 finds that more frequent monitoring of the experience and
12 valuations of the employees' retirement system and EUTF is
13 necessary to properly plan future state and county budgetary
14 needs.

15 The purpose of this Act is to address public employees'
16 fringe benefits by:



- 1 (1) Requiring the actuary of the EUTF to make an annual
- 2 valuation of the assets and liabilities of the EUTF
- 3 that includes an update of assumptions specific to the
- 4 EUTF at least once in each -year period; and
- 5 (2) Reducing the maximum period between experience studies
- 6 of the employees' retirement system from five years to
- 7 years.

8 SECTION 2. Chapter 87A, Hawaii Revised Statutes, is
 9 amended by adding a new section to part III to be appropriately
 10 designated and to read as follows:

11 "§87A- Actuarial investigation; valuations. Beginning
 12 on July 1, 2017, the actuary retained by the board pursuant to
 13 section 87A-42 shall make an annual valuation of the assets and
 14 liabilities of the fund based on tables and other factors
 15 adopted by the board annually. The annual valuation shall
 16 include an update of assumptions specific to the fund that are
 17 not updated pursuant to section 88-105, as deemed necessary by
 18 the actuary at least once in each -year period."

19 SECTION 3. Section 88-105, Hawaii Revised Statutes, is
 20 amended by amending subsection (a) to read as follows:



1 "(a) At least once in each [~~five-year~~] _____-year
2 period, commencing with fiscal year [~~1994-1995,~~] 2018-2019, the
3 actuary shall make an actuarial investigation of the experience
4 of the system and shall recommend to the board of trustees the
5 adoption for actuarial valuation of the system of mortality,
6 service, and other assumptions, factors, and tables as shall be
7 deemed appropriate and necessary. The actuary shall further
8 recommend the acceptable funded ratio for the system, taking
9 into consideration the guaranties of article XVI, section 2 of
10 the state constitution, section 88-107, and section 88-127."

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on January 7, 2059.



Report Title:

ERS; EUTF; Experience Studies; Valuation Reports

Description:

Requires the EUTF's actuary to prepare a valuation report annually. Requires the annual valuation to include an update of assumptions specific to the fund that are not updated pursuant to section 88-105, HRS, as deemed necessary by the actuary at least once in a certain time period. Reduces the maximum period between experience studies of the ERS from five years to an unspecified amount of time. (SB133 HD1)

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