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# 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 purpose of this Act is to address public  
2 employees' fringe benefits.

3           More specifically, this Act:

4           (1) Expressly requires by statute the actuary of the  
5 Hawaii employer-union health benefits trust fund to  
6 prepare an experience study at least once every three  
7 years and a valuation report annually; and

8           (2) Reduces the maximum period between experience studies  
9 of the public employees' retirement system from five  
10 years to three years.

11           The legislature notes that section 88-105, Hawaii Revised  
12 Statutes, presently requires annual valuation reports for the  
13 system.

14           The legislature finds that the State's and counties'  
15 liabilities and obligations for the pension and health insurance  
16 coverage of public employees are of major concern. State and  
17 county contributions as employers for the normal cost and  
18 unfunded liability amortization of the public employees'



1 retirement system and Hawaii employer-union health benefits  
2 trust fund are increasing. The legislature finds that more  
3 frequent monitoring of the experience and valuations of the  
4 retirement system and trust fund is necessary to properly plan  
5 future state and county budgetary needs.

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

9 "§87A- Actuarial investigation; valuations. Beginning  
10 on July 1, 2017, the actuary shall make an annual valuation of  
11 the assets and liabilities of the fund based on tables and other  
12 factors adopted by the board annually. The annual valuation  
13 shall include an update of assumptions specific to the fund that  
14 are not updated pursuant to section 88-105, as deemed necessary  
15 by the actuary at least once in each three-year period."

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

18 "(a) At least once in each [~~five-year~~] three-year period,  
19 commencing with fiscal year [~~1994-1995,~~] 2018-2019, the actuary  
20 shall make an actuarial investigation of the experience of the  
21 system and shall recommend to the board of trustees the adoption



1 for actuarial valuation of the system of mortality, service, and  
2 other assumptions, factors, and tables as shall be deemed  
3 appropriate and necessary. The actuary shall further recommend  
4 the acceptable funded ratio for the system, taking into  
5 consideration the guaranties of article XVI, section 2 of the  
6 state constitution, section 88-107, and section 88-127."

7 SECTION 4. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

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

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**Report Title:**

ERS; EUTF; Experience Studies; Valuation Reports

**Description:**

Requires the Hawaii employer-union health benefits trust fund'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 each three-year period. Takes effect 1/7/2059. (SD1)

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

