

STAND. COM. REP. NO.

2764

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 2764
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2764, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose and intent of this measure is to preserve the use and control of unclaimed member contribution and benefit payments by the Employees' Retirement System (system).

More specifically, this measure requires that if the system cannot locate:

- (1) A member or former member under the contributory, non-contributory, or hybrid plan; or
- (2) A former employee under the contributory or hybrid plan who has separated from service without vesting in retirement benefits, but has not withdrawn the former employee's accumulated contributions,

when the statutory deadline is reached for the system to:

- (1) Distribute retirement benefits to the member or former member; or



(2) Return accumulated contributions to the former employee,
then:

- (1) The member's or former member's retirement benefits shall be forfeited to the system; and
- (2) The system's obligation to return the former employee's accumulated contributions will initially be suspended, and the accumulated contributions will subsequently be forfeited to the system, if the former employee still cannot be located.

Your Committee received written comments in support of this measure from the Employees' Retirement System.

Your Committee finds that the level of unclaimed member benefits and accumulated contributions varies from year to year but generally ranges between \$500,000 and \$1,000,000 per year. Under the present law, unclaimed member benefits and accumulated contributions are presumed abandoned after a statutorily-determined period of time and are required to be paid into the Unclaimed Property Trust Fund. Your Committee finds that allowing the Employees' Retirement System to retain the use and control of unclaimed member benefits and accumulated contributions will increase the investment return of the pension accumulation fund and reduce its unfunded liability.

Your Committee has amended this measure by:

- (1) Reconciling the text of section 88-74.7, Hawaii Revised Statutes (HRS), in the measure with the printed version of the HRS;
- (2) Clarifying that April 1 of the year following a member's or former member's "required beginning date" (April 1 of the calendar year following the calendar year in which the member or former member terminates service or attains age seventy and one-half, whichever is later) is the deadline for locating the member or former member; and



- (3) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2764, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2764, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




DONOVAN M. DELA CRUZ, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2764, SDI	LBR, WAM	2-14-18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)				✓
ENGLISH, J. Kalani				✓
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
KAHELE, Kaiali'i				✓
KIDANI, Michelle N.	✓			
RIVIERE, Gil	✓			
SHIMABUKURO, Maile S.L.	✓			
WAKAI, Glenn				✓
TOTAL	7			4
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes