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TESTIMONY BY THOMAS WILLIAMS
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TO THE HOUSE COMMITTEE ON FINANCE
ON

HOUSE BILL NO. 2341, H.D. 1

February 22, 2018
1:30 P.M.
Conference Room 308

RELATING TO QUALIFIED DOMESTIC RELATIONS ORDERS

Chair Luke, Vice Chair Cullen and Members of the Committee,

H.B. 2341, H.D. 1 would amend the authorization and requirement for the Employees' Retirement System ("ERS") to make direct payment to the spouse or former spouse of an ERS member or retirant to include the former spouse of former members with vested benefit status when the former spouse has been awarded all or a portion of ERS retirement benefits as order or decreed by a court in a domestic relations proceeding. In addition, this bill makes consistent the benefits payable to an alternate payee whether the Hawaii qualified domestic relations order ("HiDRO") is certified prior to, or after, the member, former member with vested benefit status or retirant, retires. Further, this bill amends the effective date of Act 263, Session Laws of Hawaii, 2016 to July 1, 2020.

As funding was not provided through the General Fund or approved from the ERS expense fund for Act 263 when enacted in 2016, this bill is intended to authorize necessary funding and amend the scope and implementation date of HiDROs by: (1) making consistent the benefit period payable to alternate payees regardless of whether the qualified domestic relations order



Employees' Retirement System
of the State of Hawaii

is certified prior to, or after, the member, former member with vested benefit status or retirant retires, and (2) delays the implementation of Act 263 until July 1, 2020. The ERS views the delayed effective date as necessary to the development and application of the resources needed to support implementation and to cover the costs of computer system modifications, to educate members and other affected parties and to cover increased operational costs for the review of domestic relations orders and to perform or obtain actuarial and other calculations to allocate retirement benefits pursuant to a qualified domestic relations order. Alternative funds to implement the HiDRO Act are included in the ERS's supplemental budget request for fiscal year 2019 under the Department of Budget and Finance.

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

Thank you for this opportunity to provide testimony on H.B. 2341, H.D. 1.