

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

WRITTEN ONLY

TESTIMONY BY THOMAS WILLIAMS
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON

SENATE BILL NO. 2766, S.D. 1

February 14, 2018
10:00 A.M.
Conference Room 211

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee,

S.B. 2766, S.D. 1, would amend and clarify provisions of chapter 88, Hawaii Revised Statutes to contain and limit the claims for ERS benefits to its members and beneficiaries, to protect the interests of the beneficiaries of the Employees' Retirement System ("ERS") Trust and to confirm, that as a trust fund, the assets of the ERS must be used for the exclusive benefit of its members and beneficiaries.

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

On July 10, 2017, the Supreme Court of the State of Hawaii issued a memorandum of opinion on an appeal of a decision by the Medical Board of the ERS. The opinion applied the ERS requirement for an employee to be disabled while "in the performance of duty" to a claim for



Employees' Retirement System
of the State of Hawaii

service-connected disability benefits, to include any "service" paid by the State or county of a governmental function, including service for which no ERS contributions are made.

As there are numerous persons working in governmental functions paid by the State or county who are not members of the ERS, and for whom no contributions are made, this proposal amends chapter 88, Hawaii Revised Statutes, by amending sections 88-21, 88-70 and 88-336, to clarify that claims for benefits related to service-connected disability and accidental death benefits should be limited to members who are beneficiaries of the Trust. For members of the ERS who are in positions for which all contributions required to the System by the employee, employer, or both, are made, claims for service-connected disability and accidental death benefits will apply. These service-connected disability and accidental death benefits would not apply to persons who are excluded from membership in the ERS.

This bill will serve to clarify and assure that ERS trust assets are used exclusively for the benefit of its members and their beneficiaries.

Thank you for this opportunity to provide testimony on S.B. 2766, S.D. 1.