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## A BILL FOR AN ACT

RELATING TO EMPLOYEES' RETIREMENT SYSTEM.

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

1           SECTION 1. Section 88-74, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "§88-74 Allowance on service retirement. (a) Upon  
4 retirement from service, a member shall receive a maximum  
5 retirement allowance as provided in this section.

6           (b) If a member, who became a member before July 1, 2012,  
7 has attained age fifty-five, the member's maximum retirement  
8 allowance shall be two per cent of the member's average final  
9 compensation multiplied by the total number of years of the  
10 member's credited service as a class A and class B member,  
11 excluding any credited service as a judge, elective officer, or  
12 legislative officer, plus a retirement allowance of one and one-  
13 fourth per cent of the member's average final compensation  
14 multiplied by the total number of years of prior credited  
15 service as a class C member, plus a retirement allowance of two  
16 per cent of the member's average final compensation multiplied



1 by the total number of years of prior credited service as a  
2 class H member; provided that:

3 (1) After June 30, 1968, if the member has at least ten  
4 years of credited service of which the last five or  
5 more years prior to retirement is credited service as  
6 a firefighter, police officer, or an investigator of  
7 the department of the prosecuting attorney;

8 (2) After June 30, 1977, if the member has at least ten  
9 years of credited service of which the last five or  
10 more years prior to retirement is credited service as  
11 a corrections officer;

12 (3) After June 16, 1981, if the member has at least ten  
13 years of credited service of which the last five or  
14 more years prior to retirement is credited service as  
15 an investigator of the department of the attorney  
16 general;

17 (4) After June 30, 1989, if the member has at least ten  
18 years of credited service of which the last five or  
19 more years prior to retirement is credited service as  
20 a narcotics enforcement investigator;



# H.B. NO. 1260

- 1           (5) After December 31, 1993, if the member has at least  
2           ten years of credited service of which the last five  
3           or more years prior to retirement is credited service  
4           as a water safety officer;
- 5           (6) After June 30, 1994, if the member has at least ten  
6           years of credited service, of which the last five or  
7           more years prior to retirement are credited service as  
8           a public safety investigations staff investigator;
- 9           (7) After June 30, 2002, if the member:
  - 10           (A) Has at least ten years of credited service as a  
11           firefighter;
  - 12           (B) Is deemed permanently medically disqualified due  
13           to a service related disability to be a  
14           firefighter by the employer's physician; and
  - 15           (C) Continues employment in a class A or B position  
16           other than a firefighter; and
- 17           (8) After June 30, 2004, if the member:
  - 18           (A) Has at least ten years of credited service as a  
19           police officer;



# H.B. NO. 1260

1           (B) Is deemed permanently medically disqualified due  
2           to a service related disability to be a police  
3           officer by the employer's physician; and  
4           (C) Continues employment in a class A or B position  
5           other than a police officer;  
6 then for each year of service as a firefighter, police officer,  
7 corrections officer, investigator of the department of the  
8 prosecuting attorney, investigator of the department of the  
9 attorney general, narcotics enforcement investigator, water  
10 safety officer, or public safety investigations staff  
11 investigator, the retirement allowance shall be two and one-half  
12 per cent of the member's average final compensation. The  
13 maximum retirement allowance for those members shall not exceed  
14 eighty per cent of the member's average final compensation. If  
15 the member has not attained age fifty-five, the member's  
16 retirement allowance shall be computed as though the member had  
17 attained age fifty-five, reduced for age as provided in  
18 subsection (e).

19           (c) If a member, who became a member prior to July 1,  
20 2012, has credited service as a judge, the member's retirement  
21 allowance shall be computed on the following basis:



- 1           (1) For a member who has credited service as a judge  
2           before July 1, 1999, irrespective of age, for each  
3           year of credited service as a judge, three and one-  
4           half per cent of the member's average final  
5           compensation in addition to an annuity that is the  
6           actuarial equivalent of the member's accumulated  
7           contributions allocable to the period of service;
- 8           (2) For a member who first earned credited service as a  
9           judge after June 30, 1999, but before July 1, 2012,  
10          for each year of credited service as a judge, three  
11          and one-half per cent of the member's average final  
12          compensation in addition to an annuity that is the  
13          actuarial equivalent of the member's accumulated  
14          contributions allocable to the period of service. If  
15          the member has not attained age fifty-five, the  
16          member's retirement allowance shall be computed as  
17          though the member had attained age fifty-five, reduced  
18          for age as provided in subsection (e);
- 19          (3) For a member who first earned credited service as a  
20          judge after June 30, 2012, for each year of credited  
21          service as a judge, three per cent of the member's



1 average final compensation in addition to an annuity  
2 that is the actuarial equivalent of the member's  
3 accumulated contributions allocable to the period of  
4 service. If the member has not attained age sixty,  
5 the member's retirement allowance shall be computed as  
6 though the member had attained age sixty, reduced for  
7 age as provided in subsection (i);

8 (4) For a judge with other credited service, as provided  
9 in subsection (b). If the member has not attained age  
10 fifty-five, the member's retirement allowance shall be  
11 computed as though the member had attained age fifty-  
12 five, reduced for age as provided in subsection (e);

13 or

14 (5) For a judge with credited service as an elective  
15 officer or as a legislative officer, as provided in  
16 subsection (d).

17 No allowance shall exceed seventy-five per cent of the member's  
18 average final compensation. If the allowance exceeds this  
19 limit, it shall be adjusted by reducing the annuity included in  
20 paragraphs (1), (2), and (3) and the portion of the accumulated  
21 contributions specified in paragraphs (1), (2), and (3) in



1 excess of the requirements of the reduced annuity shall be  
2 returned to the member upon the member's retirement or paid to  
3 the member's designated beneficiary upon the member's death  
4 while in service or while on authorized leave without pay. The  
5 allowance for judges under this subsection, together with the  
6 retirement allowance provided by the federal government for  
7 similar service, shall in no case exceed seventy-five per cent  
8 of the member's average final compensation.

9 (d) If a member, who became a member before July 1, 2012,  
10 has credited service as an elective officer or as a legislative  
11 officer, the member's retirement allowance shall be derived by  
12 adding the allowances computed separately under paragraphs (1),  
13 (2), (3), (4), (5), and (6) as follows:

14 (1) For a member who has credited service as an elective  
15 officer before July 1, 2012, irrespective of age, for  
16 each year of credited service as an elective officer,  
17 three and one-half per cent of the member's average  
18 final compensation as computed under section 88-  
19 81(e)(1), in addition to an annuity that is the  
20 actuarial equivalent of the member's accumulated  
21 contributions allocable to the period of service;



## H.B. NO. 1260

- 1           (2) For a member, who first earned credited service as an  
2           elective officer after June 30, 2012, irrespective of  
3           age, for each year of credited service as an elective  
4           officer, three per cent of the member's average final  
5           compensation as computed under section 88-81(e)(1), in  
6           addition to an annuity that is the actuarial  
7           equivalent of the member's accumulated contributions  
8           allocable to the period of service;
- 9           (3) For a member who has credited service as a legislative  
10          officer before July 1, 2012, irrespective of age, for  
11          each year of credited service as a legislative  
12          officer, three and one-half per cent of the member's  
13          average final compensation as computed under section  
14          88-81(e)(2), in addition to an annuity that is the  
15          actuarial equivalent of the member's accumulated  
16          contributions allocable to the period of service;
- 17          (4) For a member who first earned credited service as a  
18          legislative officer after June 30, 2012, irrespective  
19          of age, for each year of credited service as a  
20          legislative officer, three per cent of the member's  
21          average final compensation as computed under section





1           88-81(e)(2), in addition to an annuity that is the  
2           actuarial equivalent of the member's accumulated  
3           contributions allocable to the period of service;  
4       (5) If the member has credited service as a judge, the  
5           member's retirement allowance shall be computed on the  
6           following basis:  
7           (A) For a member who has credited service as a judge  
8               before July 1, 1999, irrespective of age, for  
9               each year of credited service as a judge, three  
10              and one-half per cent of the member's average  
11              final compensation as computed under section 88-  
12              81(e)(3), in addition to an annuity that is the  
13              actuarial equivalent of the member's accumulated  
14              contributions allocable to the period of service;  
15           (B) For a member who first earned credited service as  
16              a judge after June 30, 1999, but before July 1,  
17              2012, and has attained the age of fifty-five, for  
18              each year of credited service as a judge, three  
19              and one-half per cent of the member's average  
20              final compensation as computed under section 88-  
21              81(e)(3), in addition to an annuity that is the



1 actuarial equivalent of the member's accumulated  
2 contributions allocable to the period of service.  
3 If the member has not attained age fifty-five,  
4 the member's retirement allowance shall be  
5 computed as though the member had attained age  
6 fifty-five, reduced for age as provided in  
7 subsection (e); and

8 (C) For a member who first earned credited service as  
9 a judge after June 30, 2012, and has attained the  
10 age of sixty, for each year of credited service  
11 as a judge, three per cent of the member's  
12 average final compensation as computed under  
13 section 88-81(e)(3), in addition to an annuity  
14 that is the actuarial equivalent of the member's  
15 accumulated contributions allocable to the period  
16 of service. If the member has not attained age  
17 sixty, the member's retirement allowance shall be  
18 computed as though the member had attained age  
19 sixty, reduced for age as provided in subsection  
20 (i); and



1           (6) For each year of credited service not included in  
2           paragraph (1), (2), (3), (4), or (5), the average  
3           final compensation as computed under section 88-  
4           81(e)(4) shall be multiplied by two per cent for  
5           credited service earned as a class A or class H  
6           member, two and one-half per cent for credited service  
7           earned as a class B member, and one and one-quarter  
8           per cent for credited service earned as a class C  
9           member. If the member has not attained age fifty-  
10          five, the member's retirement allowance shall be  
11          computed as though the member had attained age fifty-  
12          five, reduced for age as provided in subsection (e).  
13   The total retirement allowance shall not exceed seventy-five per  
14   cent of the member's highest average final compensation  
15   calculated under section 88-81(e)(1), (2), (3), or (4). If the  
16   allowance exceeds this limit, it shall be adjusted by reducing  
17   any annuity accrued under paragraphs (1), (2), (3), (4), and (5)  
18   and the portion of the accumulated contributions specified in  
19   these paragraphs in excess of the requirements of the reduced  
20   annuity shall be returned to the member upon the member's  
21   retirement or paid to the member's designated beneficiary upon



1 the member's death while in service or while on authorized leave  
2 without pay. If a member has service credit as an elective  
3 officer or as a legislative officer in addition to service  
4 credit as a judge, then the retirement benefit calculation  
5 contained in this subsection shall supersede the formula  
6 contained in subsection (c).

7 (e) Except as provided in subsections (b), (c), and (d),  
8 if a member, who became a member before July 1, 2012, has not  
9 attained age fifty-five at the date of retirement, the member's  
10 retirement allowance shall be reduced, for each month the  
11 member's age at the date of retirement is below age fifty-five,  
12 as follows:

13 (1) 0.4166 per cent for each month below age fifty-five  
14 and above age forty-nine and eleven months; plus

15 (2) 0.3333 per cent for each month below age fifty and  
16 above age forty-four and eleven months; plus

17 (3) 0.2500 per cent for each month below age forty-five  
18 and above age thirty-nine and eleven months; plus

19 (4) 0.1666 per cent for each month below age forty;

20 provided that no reduction shall be made if the member has at  
21 least twenty-five years of credited service as a firefighter,



1 police officer, corrections officer, investigator of the  
2 department of the prosecuting attorney, investigator of the  
3 department of the attorney general, narcotics enforcement  
4 investigator, public safety investigations staff investigator,  
5 sewer worker, or water safety officer, of which the last five or  
6 more years prior to retirement is credited service in these  
7 capacities.

8 (f) If a member, who becomes a member after June 30, 2012,  
9 has attained age sixty, the member's maximum retirement  
10 allowance shall be one and three-fourths per cent of the  
11 member's average final compensation multiplied by the total  
12 number of years of the member's credited service as a class A  
13 and class B member, excluding any credited service as a judge,  
14 elective officer, or legislative officer, plus a retirement  
15 allowance of one and one-fourth per cent of the member's average  
16 final compensation multiplied by the total number of years of  
17 prior credited service as a class C member, plus a retirement  
18 allowance of one and three-fourths per cent of the member's  
19 average final compensation multiplied by the total number of  
20 years of prior credited service as a class H member; provided  
21 that:



# H.B. NO. 1260

- 1           (1) If the member has at least ten years of credited  
2           service of which the last five or more years prior to  
3           retirement is credited service as a firefighter,  
4           police officer, or an investigator of the department  
5           of the prosecuting attorney;
- 6           (2) If the member has at least ten years of credited  
7           service of which the last five or more years prior to  
8           retirement is credited service as a corrections  
9           officer;
- 10          (3) If the member has at least ten years of credited  
11          service of which the last five or more years prior to  
12          retirement is credited service as an investigator of  
13          the department of the attorney general;
- 14          (4) If the member has at least ten years of credited  
15          service of which the last five or more years prior to  
16          retirement is credited service as a narcotics  
17          enforcement investigator;
- 18          (5) If the member has at least ten years of credited  
19          service, of which the last five or more years prior to  
20          retirement is credited service as a public safety  
21          investigations staff investigator;



# H.B. NO. 1260

- 1           (6) If the member:
- 2                 (A) Has at least ten years of credited service as a
- 3                         firefighter;
- 4                 (B) Is deemed permanently medically disqualified due
- 5                         to a service related disability to be a
- 6                         firefighter by the employer's physician; and
- 7                 (C) Continues employment in a class A or class B
- 8                         position other than a firefighter; and

- 9           (7) If the member:
- 10                (A) Has at least ten years of credited service as a
- 11                        police officer;
- 12                (B) Is deemed permanently medically disqualified due
- 13                        to a service related disability to be a police
- 14                        officer by the employer's physician; and
- 15                (C) Continues employment in a class A or class B
- 16                        position other than a police officer,

17 then for each year of service as a firefighter, police officer,

18 corrections officer, investigator of the department of the

19 prosecuting attorney, investigator of the department of the

20 attorney general, narcotics enforcement investigator, or public

21 safety investigations staff investigator, the retirement



1 allowance shall be two and one-fourth per cent of the member's  
2 average final compensation. The maximum retirement allowance  
3 for those members shall not exceed eighty per cent of the  
4 member's average final compensation. If the member has not  
5 attained age sixty, the member's retirement allowance shall be  
6 computed as though the member had attained age sixty, reduced  
7 for age as provided in subsection (i).

8 (g) If a member, who becomes a member after June 30, 2012,  
9 has credited service as a judge, the member's retirement  
10 allowance shall be computed on the following basis:

11 (1) For each year of credited service as a judge, three  
12 per cent of the member's average final compensation in  
13 addition to an annuity that is the actuarial  
14 equivalent of the member's accumulated contributions  
15 allocable to the period of service. If the member has  
16 not attained age sixty, the member's retirement  
17 allowance shall be computed as though the member had  
18 attained age sixty, reduced for age as provided in  
19 subsection (i);

20 (2) For a judge with other credited service, as provided  
21 in subsection (f). If the member has not attained age





1           sixty, the member's retirement allowance shall be  
2           computed as though the member had attained age sixty,  
3           reduced for age as provided in subsection (i); and

4           (3) For a judge with credited service as an elective  
5           officer or as a legislative officer, as provided in  
6           subsection (h).

7 No allowance shall exceed seventy-five per cent of the member's  
8 average final compensation. If the allowance exceeds this  
9 limit, it shall be adjusted by reducing the annuity included in  
10 paragraph (1) and the portion of the accumulated contributions  
11 specified in paragraph (1) in excess of the requirements of the  
12 reduced annuity shall be returned to the member upon the  
13 member's retirement or paid to the member's designated  
14 beneficiary upon the member's death while in service or while on  
15 authorized leave without pay. The allowance for judges under  
16 this subsection, together with the retirement allowance provided  
17 by the federal government for similar service, shall in no case  
18 exceed seventy-five per cent of the member's average final  
19 compensation.

20           (h) If a member, who becomes a member after June 30, 2012,  
21 has credited service as an elective officer or as a legislative



1 officer, the member's retirement allowance shall be derived by  
2 adding the allowances computed separately under paragraphs (1),  
3 (2), (3), and (4) as follows:

4 (1) Irrespective of age, for each year of credited service  
5 as an elective officer, three per cent of the member's  
6 average final compensation as computed under section  
7 88-81(f) (1), in addition to an annuity that is the  
8 actuarial equivalent of the member's accumulated  
9 contributions allocable to the period of service;

10 (2) Irrespective of age, for each year of credited service  
11 as a legislative officer, three per cent of the  
12 member's average final compensation as computed under  
13 section 88-81(f) (2), in addition to an annuity that is  
14 the actuarial equivalent of the member's accumulated  
15 contributions allocable to the period of service;

16 (3) For each year of credited service as a judge, three  
17 per cent of the member's average final compensation as  
18 computed under section 88-81(f) (3), in addition to an  
19 annuity that is the actuarial equivalent of the  
20 member's accumulated contributions allocable to the  
21 period of service. If the member has not attained age



1           sixty, the member's retirement allowance shall be  
2           computed as though the member had attained age sixty,  
3           reduced for age as provided in subsection [~~(i)~~] (j);  
4           and

- 5           (4) For each year of credited service not included in  
6           paragraph (1), (2), or (3), the average final  
7           compensation as computed under section 88-81(f) (4)  
8           shall be multiplied by one and three-fourth per cent  
9           for credited service earned as a class A or class H  
10          member, two and one-fourth per cent for credited  
11          service earned as a class B member, and one and  
12          one-fourth per cent for credited service earned as a  
13          class C member. If the member has not attained age  
14          sixty, the member's retirement allowance shall be  
15          computed as though the member had attained age sixty,  
16          reduced for age as provided in subsection [~~(i)~~] (j).

17       The total retirement allowance shall not exceed seventy-five per  
18       cent of the member's highest average final compensation  
19       calculated under section 88-81(f) (1), (2), (3), or (4). If the  
20       allowance exceeds this limit, it shall be adjusted by reducing  
21       any annuity accrued under paragraphs (1), (2), and (3) and the



1 portion of the accumulated contributions specified in these  
2 paragraphs in excess of the requirements of the reduced annuity  
3 shall be returned to the member upon the member's retirement or  
4 paid to the member's designated beneficiary upon the member's  
5 death while in service or while on authorized leave without pay.  
6 If a member has service credit as an elective officer or as a  
7 legislative officer in addition to service credit as a judge,  
8 then the retirement benefit calculation contained in this  
9 subsection shall supersede the formula contained in subsection  
10 (g).

11 (i) If a member, who becomes a member after June 30, 2019,  
12 has credited service as a judge, the member's retirement  
13 allowance shall be computed on the following basis:

14 (1) For each year of credited service as a judge, two and  
15 one-fourth per cent of the member's average final  
16 compensation in addition to an annuity that is  
17 actuarial equivalent of the member's accumulated  
18 contributions allocable to the period of service. If  
19 the member has not attained age sixty, the member's  
20 retirement allowance shall be computed as though the



1           member had attained age sixty, reduced for age as  
2           provided in subsection (j); and  
3           (2) For a judge with other credited service, as provided  
4           in subsection (f). If the member has not attained age  
5           sixty, the member's retirement allowance shall be  
6           computed as though the member had attained age sixty,  
7           reduced for age as provided in subsection (j); and  
8           (3) For a judge with credited service as an elective  
9           officer or as a legislative officer, as provided in  
10           subsection (h).

11           No allowance shall exceed seventy-five per cent of the  
12           member's average final compensation. If the allowance exceeds  
13           this limit, it shall be adjusted by reducing the annuity  
14           included in paragraph (1) and the portion of the accumulated  
15           contributions specified in paragraph (1) in excess of the  
16           requirements of the reduced annuity shall be returned to the  
17           member upon the member's retirement or paid to the member's  
18           designated beneficiary upon the member's death while in service  
19           or while on authorized leave without pay. The allowance for  
20           judges under this subsection, together with the retirement  
21           allowance provided by the federal government for similar



1 service, shall in no case exceed seventy-five per cent of the  
2 member's average final compensation.

3 ~~[(i)]~~ (j) Except as provided in subsections (f), (g), and  
4 (h), if a member, who becomes a member after June 30, 2012, has  
5 not attained age sixty at the date of retirement, the member's  
6 retirement allowance shall be reduced, for each month the  
7 member's age at the date of retirement is below age sixty, as  
8 follows:

9 (1) 0.4166 per cent for each month below age sixty and  
10 above age fifty-four and eleven months; plus

11 (2) 0.3333 per cent for each month below age fifty-five  
12 and above age forty-nine and eleven months; plus

13 (3) 0.2500 per cent for each month below age fifty and  
14 above age forty-four and eleven months; plus

15 (4) 0.1666 per cent for each month below age forty-five;

16 provided that no reduction shall be made if the member has  
17 attained the age of fifty-five and has at least twenty-five  
18 years of credited service as a firefighter, police officer,  
19 corrections officer, investigator of the department of the  
20 prosecuting attorney, investigator of the department of the  
21 attorney general, narcotics enforcement investigator, public



# H.B. NO. 1260

1 safety investigations staff investigator, sewer worker, water  
 2 safety officer, or emergency medical technician, of which the  
 3 last five or more years prior to retirement is credited service  
 4 in these capacities."

5 SECTION 2. This Act does not affect rights and duties that  
 6 matured, penalties that were incurred, and proceedings that were  
 7 begun before its effective date.

8 SECTION 3. Statutory material to be repealed is bracketed  
 9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect upon its approval.

11

INTRODUCED BY:

House. Am

Clara

~~\_\_\_\_\_~~

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Hylaruna

Debbi A. Belotti

JAN 23 2019



# H.B. NO. 1260

**Report Title:**

ERS; Judges

**Description:**

Reduces, for members who join the Employees' Retirement System after June 20, 2019, and have credited service as a judge, the retirement allowance for each year of credited service as a judge from 3% to 2 1/4% of the member's average final compensation.

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