
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

1 SECTION 1. Section 88-9, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) A retirant may be employed without reenrollment in
4 the system and suffer no loss or interruption of benefits
5 provided by the system or under chapter 87A if the retirant is
6 employed:

7 (1) As an elective officer pursuant to section 88-42.6(c)
8 or as a member of the legislature pursuant to section
9 ~~[88-73(d)]~~ 88-73(e);

10 (2) As a juror or precinct official;

11 (3) As a part-time or temporary employee excluded from
12 membership in the system pursuant to section 88-43, as
13 a session employee excluded from membership in the
14 system pursuant to section 88-54.2, as the president
15 and chief executive officer of the Hawaii tourism
16 authority excluded from membership in the system
17 pursuant to section 201B-2, or as any other employee



1 expressly excluded by law from membership in the
2 system; provided that:

3 (A) The retirant was not employed by the State or a
4 county during the six calendar months prior to
5 the first day of reemployment; and

6 (B) No agreement was entered into between the State
7 or a county and the retirant, prior to the
8 retirement of the retirant, for the return to
9 work by the retirant after retirement;

10 (4) In a position identified by the appropriate
11 jurisdiction as a labor shortage or difficult-to-fill
12 position; provided that:

13 (A) The retirant was not employed by the State or a
14 county during the twelve calendar months prior to
15 the first day of reemployment;

16 (B) No agreement was entered into between the State
17 or a county and the retirant, prior to the
18 retirement of the retirant, for the return to
19 work by the retirant after retirement; and

20 (C) Each employer shall contribute to the pension
21 accumulation fund the required percentage of the



1 rehired retirant's compensation to amortize the
2 system's unfunded actuarial accrued liability; or

3 (5) As a teacher or an administrator in a teacher shortage
4 area identified by the department of education or in a
5 charter school or as a mentor for new classroom
6 teachers; provided that:

7 (A) The retirant was not employed by the State or a
8 county during the twelve calendar months prior to
9 the first day of reemployment;

10 (B) No agreement was entered into between the State
11 or a county and the retirant prior to the
12 retirement of the retirant, for the return to
13 work by the retirant after retirement; and

14 (C) The department of education or charter school
15 shall contribute to the pension accumulation fund
16 the required percentage of the rehired retirant's
17 compensation to amortize the system's unfunded
18 actuarial accrued liability."

19 SECTION 2. Section 88-21.5, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§88-21.5 Compensation. (a) For a member who became a
2 member before July 1, 2012, or who is a police officer who
3 becomes a member after June 30, 2023, unless a different meaning
4 is plainly required by context, as used in this part,

5 "compensation" means:

6 (1) Normal periodic payments of money for service the
7 right to which accrues on a regular basis in
8 proportion to the service performed;

9 (2) Overtime, differentials, and supplementary payments;

10 (3) Bonuses and lump sum salary supplements; and

11 (4) Elective salary reduction contributions under sections
12 125, 403(b), and 457(b) of the Internal Revenue Code
13 of 1986, as amended.

14 Bonuses and lump sum salary supplements shall be deemed earned
15 when payable; provided that bonuses or lump sum salary
16 supplements in excess of one-twelfth of compensation for the
17 twelve months prior to the month in which the bonus or lump sum
18 salary supplement is payable, exclusive of overtime, bonuses,
19 and lump sum salary supplements, shall be deemed earned:



1 (1) During the period agreed-upon by the employer and
2 employee, but in any event over a period of not less
3 than twelve months; or

4 (2) In the absence of an agreement between the employer
5 and the employee, over the twelve months prior to the
6 date on which the bonus or lump sum salary supplement
7 is payable.

8 (b) For a member who becomes a member after June 30, 2012,
9 except for a police officer who becomes a member after June 30,
10 2023, unless a different meaning is plainly required by context,
11 "compensation" as used in this part:

12 (1) Means:

13 (A) The normal periodic payments of money for
14 service, the right to which accrues on an hourly,
15 daily, monthly, or annual basis;

16 (B) Shortage differentials;

17 (C) Elective salary reduction contributions under
18 sections 125, 403(b), and 457(b) of the Internal
19 Revenue Code of 1986, as amended; and

20 (D) Twelve-month differentials for employees of the
21 department of education; and



1 (2) Shall not include any other additional or extra
2 payments to an employee or officer, including
3 overtime, supplementary payments, bonuses, lump sum
4 salary supplements, allowances, or differentials,
5 including differentials for stand-by duty, temporary
6 unusual work hazards, compression differentials, or
7 temporary differentials, except for those expressly
8 authorized pursuant to subsection (b) (1) (B),
9 (b) (1) (C), and (b) (1) (D)."

10 SECTION 3. Section 88-42.6, Hawaii Revised Statutes, is
11 amended by amending subsections (c) and (d) to read as follows:

12 "(c) Notwithstanding section 88-21, 88-98, 88-273(c), or
13 88-344, or any other law to the contrary, the retirement
14 allowance of a retirant who returns to service as an elective
15 officer shall not be suspended if the retirant:

16 (1) Retired pursuant to section [~~88-73(d)~~]; 88-73(e); or

17 (2) Has been retired for at least twelve consecutive
18 months prior to return to service and elects to have
19 the retirement allowance continue. The election
20 whether or not to have the retirant's retirement
21 allowance continue shall be irrevocable and shall be



1 made no later than thirty days following the
2 retirant's first return to service as an elective
3 officer.

4 If the retirant's retirement allowance is not suspended, the
5 retirant shall not become a member of the system and shall not
6 earn additional service credit or gain any additional retirement
7 benefits.

8 (d) An elective officer who retired pursuant to section
9 ~~[88-73(d)]~~ 88-73(e) shall not be eligible for membership in the
10 system while serving as an elective officer."

11 SECTION 4. Section 88-45, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§88-45 Employee contributions.** After June 30, 1988, each
14 class A and class B member shall contribute seven and
15 eight-tenths per cent of the member's compensation to the
16 annuity savings fund; provided that after June 30, 1989, all
17 firefighters, police officers, corrections officers,
18 investigators of the departments of the prosecuting attorney and
19 of the attorney general, narcotics enforcement investigators,
20 water safety officers not making the election under section
21 88-271, and public safety investigations staff investigators



1 shall contribute twelve and two-tenths per cent of their
2 compensation to the annuity savings fund for service in that
3 capacity; provided further that each class A and class B member
4 who becomes a member after June 30, 2012, shall contribute nine
5 and eight-tenths per cent of the member's compensation to the
6 annuity savings fund; provided further that all firefighters,
7 police officers, corrections officers, investigators of the
8 departments of the prosecuting attorney and of the attorney
9 general, narcotics enforcement investigators, and public safety
10 investigations staff investigators who become members after
11 June 30, 2012, shall contribute fourteen and two-tenths per cent
12 of their compensation to the annuity savings fund for service in
13 that capacity[-]; provided further that police officers who
14 become members after June 30, 2023, shall contribute twelve and
15 two-tenths percent of their compensation to the annuity savings
16 fund for service in that capacity."

17 SECTION 5. Section 88-62, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "§88-62 Return to service of a former member. (a) For
20 members who became members before July 1, 2012[+], or for a
21 police officer who becomes a member after June 30, 2023:



1 (1) If a former member who has fewer than five years of
2 credited service and who has been out of service for a
3 period of four full calendar years or more after the
4 year in which the former member left service, or if a
5 former member who withdrew the former member's
6 accumulated contributions returns to service, the
7 former member shall become a member in the same manner
8 and under the same conditions as anyone first entering
9 service; however, the former member may obtain
10 membership service credit in the manner provided by
11 applicable law for credited service that was forfeited
12 by the member upon termination of the member's
13 previous membership. If the member did not withdraw
14 the former member's accumulated contributions prior to
15 the former member's return to service, the accumulated
16 contributions shall be returned to the member as part
17 of the process of enrolling the member in the system
18 if the member's accumulated contributions are \$1,000
19 or less at the time of distribution. If the
20 accumulated contributions for the service the member
21 had when the member previously terminated employment



1 are greater than \$1,000 and the member does not make
2 written application, prior to or contemporaneously
3 with the member's return to service, for return of the
4 accumulated contributions, the member may not withdraw
5 the member's accumulated contributions, except as
6 provided by section 88-96 or 88-341, until the member
7 retires or attains age sixty-two. The member shall
8 not be entitled to service credit by reason of the
9 system's retention of the member's accumulated
10 contributions for the service the member had when the
11 member previously terminated employment.

12 To be eligible for any benefit, the member shall
13 fulfill the membership service requirements for the
14 benefit through membership service after again
15 becoming a member, in addition to meeting any other
16 eligibility requirement established for the benefit;
17 provided that the membership service requirement shall
18 be exclusive of any former service acquired in
19 accordance with section 88-59 or any other section in
20 part II, VII, or VIII;



- 1 (2) If a former member with fewer than five years of
2 credited service and who did not withdraw the former
3 member's accumulated contributions returns to service
4 within four full calendar years after the year in
5 which the former member left service, the former
6 member shall again become a member in the same manner
7 and under the same conditions as anyone first entering
8 service, except that the member shall be credited with
9 service credit for the service the member had when the
10 member terminated employment and:
- 11 (A) If the member returns to service as a class A or
12 class B member, the member's new and previous
13 accumulated contributions shall be combined; or
- 14 (B) If the member returns to service after June 30,
15 2006, as a class H member, section 88-321(b)
16 shall apply; and
- 17 (3) If a former member with five or more years of credited
18 service who did not withdraw the former member's
19 contributions returns to service, the former member's
20 status shall be in accordance with the provisions
21 described in section 88-97.



1 (b) For members who become members after June 30, 2012[+],
2 except police officers who become members after June 30, 2023:

3 (1) If a former member who has fewer than ten years of
4 credited service and who has been out of service for a
5 period of four full calendar years or more after the
6 year in which the former member left service, or if a
7 former member who withdrew the former member's
8 accumulated contributions returns to service, the
9 former member shall become a member in the same manner
10 and under the same conditions as anyone first entering
11 service; however, the former member may obtain
12 membership service credit in the manner provided by
13 applicable law for credited service that was forfeited
14 by the member upon termination of the member's
15 previous membership. If the member did not withdraw
16 the former member's accumulated contributions prior to
17 the former member's return to service, the accumulated
18 contributions shall be returned to the member as part
19 of the process of enrolling the member in the system
20 if the member's accumulated contributions are \$1,000
21 or less at the time of distribution. If the



1 accumulated contributions for the service the member
2 had when the member previously terminated employment
3 are greater than \$1,000 and the member does not make
4 written application, prior to or contemporaneously
5 with the member's return to service, for return of the
6 accumulated contributions, the member may not withdraw
7 the member's accumulated contributions, except as
8 provided by section 88-96 or 88-341, until the member
9 retires or attains age sixty-two. The member shall
10 not be entitled to service credit by reason of the
11 system's retention of the member's accumulated
12 contributions for the service the member had when the
13 member previously terminated employment. To be
14 eligible for any benefit, the member shall fulfill the
15 membership service requirements for the benefit
16 through membership service after again becoming a
17 member, in addition to meeting any other eligibility
18 requirement established for the benefit; provided that
19 the membership service requirement shall be exclusive
20 of any former service acquired in accordance with



1 section 88-59 or any other section in part II, VII, or
2 VIII;

3 (2) If a former member with fewer than ten years of
4 credited service and who did not withdraw the former
5 member's accumulated contributions returns to service
6 within four full calendar years after the year in
7 which the former member left service, the former
8 member shall again become a member in the same manner
9 and under the same conditions as anyone first entering
10 service, except that the member shall be credited with
11 service credit for the service the member had when the
12 member terminated employment:

13 (A) If the member returns to service as a class A or
14 class B member, the member's new and previous
15 accumulated contributions shall be combined; or

16 (B) If the member returns to service as a class H
17 member, section 88-321(b) shall apply; and

18 (3) If a former member with ten or more years of credited
19 service who did not withdraw the former member's
20 contributions returns to service, the former member's



1 status shall be in accordance with the provisions
2 described in section 88-97."

3 SECTION 6. Section 88-73, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§88-73 Service retirement. (a) Any member who:

- 6 (1) Became a member before July 1, 2012, and has at least
7 five years of credited service and has attained age
8 fifty-five;
- 9 (2) Became a member before July 1, 2012, and has at least
10 twenty-five years of credited service;
- 11 (3) Has at least ten years of credited service, which
12 includes service as a judge before July 1, 1999, an
13 elective officer, or a legislative officer;
- 14 (4) Becomes a member after June 30, 2012, and has at least
15 ten years of credited service and has attained age
16 sixty; or
- 17 (5) Becomes a member after June 30, 2012, and has at least
18 twenty-five years of credited service and has attained
19 age fifty-five,
- 20 shall become eligible to receive a retirement allowance after
21 the member has terminated service[-]; provided that county



1 police officers shall become eligible to receive a retirement
2 allowance pursuant to section 88-74(i).

3 (b) Notwithstanding subsection (a), any police officer who
4 becomes a member after June 30, 2023, and who:

5 (1) Has at least five years of credited service as a
6 police officer and has attained age fifty-five;

7 (2) Has at least twenty-five years of credited service as
8 a police officer; or

9 (3) Has at least ten years of credited service, which
10 includes service as a judge before July 1, 1999, an
11 elective officer, or a legislative officer,

12 shall become eligible to receive a retirement allowance after
13 the member has terminated service.

14 ~~[(b)]~~ (c) Any member who first earned credited service as
15 a judge after June 30, 1999, but before July 1, 2012, and who
16 has at least five years of credited service and has attained age
17 fifty-five or has at least twenty-five years of credited service
18 shall become eligible to receive a retirement allowance after
19 the member has terminated service. Any member who first earned
20 credited service as a judge after June 30, 2012, and has at
21 least ten years of credited service and has attained age sixty



1 or has at least twenty-five years of credited service and has
2 attained age fifty-five shall be eligible to receive a
3 retirement allowance after the member has terminated service.

4 ~~[(e)]~~ (d) A member may retire upon the written application
5 specifying the date of retirement, which shall not be less than
6 thirty days nor more than one hundred fifty days subsequent to
7 the date of filing. Retirement shall be effective on the first
8 day of a month, except for the month of December when retirement
9 on the first or last day of the month shall be allowed.

10 ~~[(d)]~~ (e) Any member of the legislature who attains age
11 sixty-five may retire and receive a service retirement allowance
12 although the member continues to fill the elective position.

13 ~~[(e)]~~ (f) In the case of a class A or B member who also
14 has prior credited service under part VII or part VIII, total
15 credited service as a class A, class B, class C, and class H
16 member shall be used to determine the eligibility for retirement
17 allowance.

18 ~~[(f)]~~ (g) A member's right to the member's accrued
19 retirement benefit is nonforfeitable upon the attainment of
20 normal retirement age and the completion of the requisite years
21 of credited service.



1 For the purpose of this subsection:

2 "Normal retirement age" means age sixty-five.

3 "Requisite years of credited service" means five years for
4 class A and B members who became members before July 1, 2012,
5 and police officers who become members after June 30, 2023, and
6 ten years for class A and B members who became members after
7 June 30, 2012."

8 SECTION 7. Section 88-74, Hawaii Revised Statutes, is
9 amended as follows:

10 1. By amending subsection (b) to read:

11 "(b) If a member, who became a member before July 1, 2012,
12 or who is a police officer who becomes a member after June 30,
13 2023, has attained age fifty-five, the member's maximum
14 retirement allowance shall be two per cent of the member's
15 average final compensation multiplied by the total number of
16 years of the member's credited service as a class A and class B
17 member, excluding any credited service as a judge, elective
18 officer, or legislative officer, plus a retirement allowance of
19 one and one-fourth per cent of the member's average final
20 compensation multiplied by the total number of years of prior
21 credited service as a class C member, plus a retirement



1 allowance of two per cent of the member's average final
2 compensation multiplied by the total number of years of prior
3 credited service as a class H member; provided that:

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

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

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

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



- 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;



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 2. By amending subsections (e) and (f) to read:
20 "(e) Except as provided in subsections (b), (c), and (d),
21 if a member, who became a member before July 1, 2012, or who is



1 a police officer who becomes a member after June 30, 2023, has
2 not attained age fifty-five at the date of retirement, the
3 member's retirement allowance shall be reduced, for each month
4 the member's age at the date of retirement is below age
5 fifty-five, as follows:

6 (1) 0.4166 per cent for each month below age fifty-five

7 and above age forty-nine and eleven months; plus

8 (2) 0.3333 per cent for each month below age fifty and

9 above age forty-four and eleven months; plus

10 (3) 0.2500 per cent for each month below age forty-five

11 and above age thirty-nine and eleven months; plus

12 (4) 0.1666 per cent for each month below age forty;

13 provided that no reduction shall be made if the member has at

14 least twenty-five years of credited service as a firefighter,

15 police officer, corrections officer, investigator of the

16 department of the prosecuting attorney, investigator of the

17 department of the attorney general, narcotics enforcement

18 investigator, public safety investigations staff investigator,

19 sewer worker, or water safety officer, of which the last five or

20 more years prior to retirement is credited service in these

21 capacities.



1 (f) If a member, who becomes a member after June 30, 2012,
2 except a police officer who becomes a member after June 30,
3 2023, has attained age sixty, the member's maximum retirement
4 allowance shall be one and three-fourths per cent of the
5 member's average final compensation multiplied by the total
6 number of years of the member's credited service as a class A
7 and class B member, excluding any credited service as a judge,
8 elective officer, or legislative officer, plus a retirement
9 allowance of one and one-fourth per cent of the member's average
10 final compensation multiplied by the total number of years of
11 prior credited service as a class C member, plus a retirement
12 allowance of one and three-fourths per cent of the member's
13 average final compensation multiplied by the total number of
14 years of prior credited service as a class H member; provided
15 that:

16 (1) If the member has at least ten years of credited
17 service of which the last five or more years prior to
18 retirement is credited service as a firefighter,
19 police officer, or an investigator of the department
20 of the prosecuting attorney;



1 (2) 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 corrections
4 officer;

5 (3) If the member has at least ten years of credited
6 service of which the last five or more years prior to
7 retirement is credited service as an investigator of
8 the department of the attorney general;

9 (4) If the member has at least ten years of credited
10 service of which the last five or more years prior to
11 retirement is credited service as a narcotics
12 enforcement investigator;

13 (5) If the member has at least ten years of credited
14 service, of which the last five or more years prior to
15 retirement is credited service as a public safety
16 investigations staff investigator;

17 (6) If the member:
18 (A) Has at least ten years of credited service as a
19 firefighter;



1 (B) Is deemed permanently medically disqualified due
2 to a service related disability to be a
3 firefighter by the employer's physician; and

4 (C) Continues employment in a class A or class B
5 position other than a firefighter; and

6 (7) If the member:

7 (A) Has at least ten years of credited service as a
8 police officer;

9 (B) Is deemed permanently medically disqualified due
10 to a service related disability to be a police
11 officer by the employer's physician; and

12 (C) Continues employment in a class A or class B
13 position other than a police officer,

14 then for each year of service as a firefighter, police officer,
15 corrections officer, investigator of the department of the
16 prosecuting attorney, investigator of the department of the
17 attorney general, narcotics enforcement investigator, or public
18 safety investigations staff investigator, the retirement
19 allowance shall be two and one-fourth per cent of the member's
20 average final compensation. The maximum retirement allowance
21 for those members shall not exceed eighty per cent of the



1 member's average final compensation. If the member has not
2 attained age sixty, the member's retirement allowance shall be
3 computed as though the member had attained age sixty, reduced
4 for age as provided in subsection (i)."

5 3. By amending subsection (i) to read:

6 "(i) Except as provided in subsections (f), (g), and (h),
7 if a member, who becomes a member after June 30, 2012, except a
8 police officer who becomes a member after June 30, 2023, has not
9 attained age sixty 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 sixty, as
12 follows:

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

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

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

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

20 provided that no reduction shall be made if the member has
21 attained the age of fifty-five and has at least twenty-five



1 years of credited service as a firefighter, [~~police officer,~~]
2 corrections officer, investigator of the department of the
3 prosecuting attorney, investigator of the department of the
4 attorney general, narcotics enforcement investigator, public
5 safety investigations staff investigator, sewer worker, water
6 safety officer, or emergency medical technician, of which the
7 last five or more years prior to retirement is credited service
8 in these capacities[-]; provided further that no reduction shall
9 be made if the member has at least twenty-five years of credited
10 service as a county police officer regardless of whether the
11 member has not attained the age of fifty-five."

12 SECTION 8. Section 88-74.6, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "§88-74.6 **Unreduced allowance on service retirement; when**
15 **applicable.** In addition to those positions identified in
16 section 88-74(e) and notwithstanding any law in this part that
17 requires a member to attain age fifty-five to qualify for an
18 unreduced service retirement allowance, if a member, who became
19 a member before July 1, 2012, or who is a police officer who
20 becomes a member after June 30, 2023, has at least:



- 1 (1) Thirty years of credited service through June 30,
2 2003;
- 3 (2) Twenty-nine years of credited service on or after
4 July 1, 2004;
- 5 (3) Twenty-eight years of credited service on or after
6 July 1, 2005;
- 7 (4) Twenty-seven years of credited service on or after
8 July 1, 2006;
- 9 (5) Twenty-six years of credited service on or after
10 July 1, 2007; or
- 11 (6) Twenty-five years of credited service on or after
12 July 1, 2008,
- 13 as an emergency medical technician, of which the last five or
14 more years prior to retirement is credited service in that
15 capacity, then upon retirement and irrespective of age, that
16 member's service retirement allowance shall not be reduced for
17 actuarial purposes."

18 SECTION 9. Section 88-74.8, Hawaii Revised Statutes, is
19 amended by amending subsection (f) to read as follows:



1 "(f) This section shall not apply to accrued retirement
2 benefits that are non-forfeitable pursuant to sections
3 [~~88-73(f)~~], 88-73(g), 88-281(g), and 88-331(f)."

4 SECTION 10. Section 88-81, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "(b) The average final compensation of members shall be
7 calculated as follows:

8 (1) For employees who become members before January 1,
9 1971:

10 (A) During the member's five highest paid years of
11 credited service, including vacation pay, or the
12 three highest paid years of credited service
13 excluding vacation pay, whichever is greater; or

14 (B) If the member has fewer than three years of
15 credited service, during the member's actual
16 years of credited service;

17 (2) For employees who become members after December 31,
18 1970, but before July 1, 2012:

19 (A) During the member's three highest paid years of
20 credited service, excluding vacation pay; or



1 (B) If the member has fewer than three years of
2 credited service, during the member's actual
3 years of credited service; [~~and~~]

4 (3) For employees, except police officers as set forth in
5 paragraph (4), who become members after June 30, 2012:

6 (A) During the member's five highest paid years of
7 credited service, excluding vacation pay; or

8 (B) If the member has fewer than five years of
9 credited service, during the member's actual
10 years of credited service [~~-~~]; and

11 (4) For police officers who become members after June 30,
12 2023;

13 (A) During the member's three highest paid years of
14 credited service, excluding vacation pay; or

15 (B) If the member has fewer than three years of
16 credited service, during the member's actual
17 years of credited service."

18 SECTION 11. Section 88-90, Hawaii Revised Statutes, is
19 amended by amending subsection (c) to read as follows:

20 "(c) Notwithstanding subsections (a) and (b), for
21 employees who become members after June 30, 2012, and for any



1 person who receives a monthly pension, annuity or retirement
2 allowance as a beneficiary or survivor of the employee, the post
3 retirement allowance shall consist of an amount equivalent to
4 one and one-half per cent of the monthly pension, annuity, or
5 retirement allowance as originally computed and paid. Payment
6 of the benefit shall commence on the first day of July following
7 the calendar year in which the payment of the pension, annuity
8 or retirement allowance is effective. This subsection shall not
9 apply to police officers who become members after June 30,
10 2023."

11 SECTION 12. Section 88-96, Hawaii Revised Statutes, is
12 amended by amending subsections (a) and (b) to read as follows:

13 "(a) Any member who ceases to be an employee and who
14 became a member before July 1, 2012, or who is a police officer
15 who becomes a member after June 30, 2023, and has fewer than
16 five years of credited service, excluding unused sick leave, or
17 who becomes a member after June 30, 2012, and has fewer than ten
18 years of credited service, excluding sick leave, shall, upon
19 application to the board, be paid all of the member's
20 accumulated contributions and the member's membership shall
21 thereupon terminate and all credited service shall be forfeited;



1 provided that a member shall not be paid the member's
2 accumulated contributions:

3 (1) If the member becomes an employee again within fifteen
4 calendar days from the date the member ceased to be an
5 employee; or

6 (2) If, at the time the application for return of
7 accumulated contributions is received by the board,
8 the member has become an employee again.

9 Regular interest shall be credited to the former employee's
10 account until the former employee's accumulated contributions
11 are returned to the former employee; provided that the former
12 employee's membership shall not continue after the fourth full
13 year following the calendar year in which the individual's
14 employment terminates. Upon termination of the former
15 employee's membership, the former employee's credited service
16 shall be forfeited and, if the former employee's accumulated
17 contributions are \$1,000 or less at the time of distribution,
18 the system shall return the former employee's contributions to
19 the former employee. If the former employee does not become an
20 employee again and if the former employee's accumulated
21 contributions have not been withdrawn by the former employee or



1 previously returned by the system to the former employee, the
2 system shall return the former employee's accumulated
3 contributions to the former employee as soon as possible after
4 the later of: (A) the former employee attaining age sixty-two;
5 or (B) the termination of the former employee's membership.

6 (b) Any member who ceases to be an employee and who became
7 a member before July 1, 2012, or who is a police officer who
8 becomes a member after June 30, 2023, and has more than five
9 years of credited service, excluding unused sick leave, or who
10 becomes a member after June 30, 2012, and has more than ten
11 years of credited service, excluding sick leave, shall, upon
12 application to the board, be paid all of the member's
13 accumulated contributions and thereupon the former employee's
14 membership shall terminate and all credited service shall be
15 forfeited; provided that a member shall not be paid the member's
16 accumulated contributions:

17 (1) If the member becomes an employee again within fifteen
18 calendar days from the date the member ceased to be an
19 employee; or



1 (2) If, at the time the application for return of
2 accumulated contributions is received by the board,
3 the member has become an employee again.

4 If the contributions are not withdrawn by the former
5 employee within four calendar years following the calendar year
6 in which the former employee's employment terminates, the former
7 employee shall have established vested benefit status and shall
8 be eligible for the service retirement benefit in effect at the
9 time of the former employee's retirement, payable in accordance
10 with this chapter; provided that if the former employee
11 withdraws the former employee's accumulated contributions, the
12 former employee's vested benefit status shall terminate and all
13 credited service shall be forfeited."

14 SECTION 13. Section 88-311, Hawaii Revised Statutes, is
15 amended by amending the definition of "hypothetical account
16 balance" to read as follows:

17 "Hypothetical account balance" means:

18 (1) For members who became members before July 1, 2012, or
19 police officers who became members after June 30,
20 2023, the sum of:

21 (A) One and one-half times the sum of:



- 1 (i) Employee contributions made, either by the
- 2 member or on behalf of the member, pursuant
- 3 to section 88-325;
- 4 (ii) Accumulated interest at the regular interest
- 5 rate on the employee contributions; and
- 6 (B) Any employee contributions, including rollovers
- 7 and contributions used to convert credited
- 8 service to class H credited service, or used to
- 9 purchase service, and accumulated interest on the
- 10 employee contributions at the regular interest
- 11 rate; or
- 12 (2) For members who become members after June 30, 2012,
- 13 the sum of:
- 14 (A) One and one-fifth times the sum of:
- 15 (i) Employee contributions made, either by the
- 16 member or on behalf of the member, pursuant
- 17 to section 88-325; and
- 18 (ii) Accumulated interest at the regular interest
- 19 rate on the employee contributions; and
- 20 (B) Any employee contributions, including rollovers
- 21 and contributions used to convert credited



1 service to class H credited service, or used to
2 purchase service, and accumulated interest on the
3 employee contributions at the regular interest
4 rate."

5 SECTION 14. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 15. This Act shall take effect on July 1, 2050;
8 provided that the amendments made to sections 88-45 and 88-74,
9 Hawaii Revised Statutes, by sections 4 and 7 of this Act,
10 respectively, shall not be repealed when those sections are
11 amended on January 1, 2024, by section 17(d) of Act 278, Session
12 Laws of Hawaii 2022.



Report Title:

ERS; Police Officers; Retirement; Medical Coverage; Minimum Age;
Years of Credited Service

Description:

Provides police officers who become members of the Employees' Retirement System after 6/30/2023 with retirement benefits similar to those provided for members of the Employees' Retirement System who became members before 7/1/2012, including but not limited to calculation of retirement allowance, minimum age or years of credited service requirements, and vesting period. Effective 7/1/2050. (SD2)

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

