
A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

PART I

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

1. By amending subsection (d) to read:

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

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



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
12 88-81(e)(3), in addition to an annuity that is
13 the actuarial equivalent of the member's
14 accumulated contributions allocable to the period
15 of service;

16 (B) For a member who first earned credited service as
17 a judge after June 30, 1999, but before July 1,
18 2012, and has attained the age of fifty-five, for
19 each year of credited service as a judge, three
20 and one-half per cent of the member's average
21 final compensation as computed under section



1 88-81(e)(3), in addition to an annuity that is
2 the actuarial equivalent of the member's
3 accumulated contributions allocable to the period
4 of service. If the member has not attained age
5 fifty-five, the member's retirement allowance
6 shall be computed as though the member had
7 attained age fifty-five, reduced for age as
8 provided in subsection (e); and

9 (C) For a member who first earned credited service as
10 a judge after June 30, 2012, but before July 1,
11 2025, and has attained the age of sixty, for each
12 year of credited service as a judge, three per
13 cent of the member's average final compensation
14 as computed under section 88-81(e)(3), in
15 addition to an annuity that is the actuarial
16 equivalent of the member's accumulated
17 contributions allocable to the period of service.
18 If the member has not attained age sixty, the
19 member's retirement allowance shall be computed
20 as though the member had attained age sixty,



1 reduced for age as provided in subsection (i);

2 [~~and~~]

3 (D) For a member who first earned credited service as
4 a judge after June 30, 2025, and has attained the
5 age of sixty, for each year of credited service
6 as a judge, one and three-fourths per cent of the
7 member's average final compensation as computed
8 under section 88-81(e)(3), in addition to an
9 annuity that is the actuarial equivalent of the
10 member's accumulated contributions allocable to
11 the period of service. If the member has not
12 attained age sixty, the member's retirement
13 allowance shall be computed as though the member
14 had attained age sixty, reduced for age as
15 provided in subsection (i); and

16 (6) For each year of credited service not included in
17 paragraph (1), (2), (3), (4), or (5), the average
18 final compensation as computed under section
19 88-81(e)(4) shall be multiplied by two per cent for
20 credited service earned as a class A or class H
21 member, two and one-half per cent for credited service



1 earned as a class B member, and one and one-quarter
2 per cent for credited service earned as a class C
3 member. If the member has not attained age fifty-
4 five, the member's retirement allowance shall be
5 computed as though the member had attained age fifty-
6 five, reduced for age as provided in subsection (e).
7 The total retirement allowance shall not exceed seventy-five per
8 cent of the member's highest average final compensation
9 calculated under section 88-81(e)(1), (2), (3), or (4). If the
10 allowance exceeds this limit, it shall be adjusted by reducing
11 any annuity accrued under paragraphs (1), (2), (3), (4), and (5)
12 and the portion of the accumulated contributions specified in
13 these paragraphs in excess of the requirements of the reduced
14 annuity shall be returned to the member upon the member's
15 retirement or paid to the member's designated beneficiary upon
16 the member's death while in service or while on authorized leave
17 without pay. If a member has service credit as an elective
18 officer or as a legislative officer in addition to service
19 credit as a judge, then the retirement benefit calculation
20 contained in this subsection shall supersede the formula
21 contained in subsection (c)."



2. By amending subsection (f) to read:

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

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



(2) If the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a corrections officer;

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

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

(5) If the member has at least ten years of credited service, of which the last five or more years prior to retirement is credited service as a law enforcement investigations staff investigator;

(6) If the member:

(A) Has at least ten years of credited service as a firefighter;



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

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

(7) If the member:

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

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

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

then for each year of service as a firefighter, police officer, corrections officer, sheriffs and deputies, investigator of the department of the prosecuting attorney, investigator of the department of the attorney general, narcotics enforcement investigator, or law enforcement investigations staff investigator, the retirement allowance shall be two and one-fourth per cent of the member's average final compensation. The maximum retirement allowance for those members shall not



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

6 PART II

7 SECTION 2. The legislature finds that employees who became
8 members of the employees' retirement system before July 1, 2012,
9 commonly referred to as "Tier 1 members", are required to have a
10 minimum of five years of credited service to be eligible for
11 vested benefit status, which, among other things, permits a
12 member to receive a retirement allowance upon service
13 retirement. By contrast, employees who become members after
14 June 30, 2012, commonly referred to as "Tier 2 members", are
15 required to have a minimum of ten years of credited service to
16 be eligible for vested benefit status.

17 Although the two-tier member structure has assisted the
18 employees' retirement system in its efforts to achieve full
19 funding of its actuarial accrued liability, actuaries have
20 determined that reducing the minimum number of years of credited
21 service Tier 2 members must have to be eligible for vested



1 benefit status from ten years to five years to match Tier 1
2 members would increase the projected full funding period only by
3 an estimated four additional months and would require an
4 increase in employer contribution rates of less than a quarter
5 per cent.

6 The legislature also finds that reducing the minimum number
7 of years of credited service Tier 2 members must have to be
8 eligible for vested benefit status from ten years to five years
9 would help state and county employers with the recruitment and
10 retention of qualified employees. Reducing employee turnover
11 and retaining employees on the job longer may also help to
12 reduce employer costs. The legislature further finds that these
13 benefits outweigh impacts to the employees' retirement system's
14 unfunded liability and projected full funding period, as well as
15 to employer contributions.

16 Notwithstanding section 88-99, Hawaii Revised Statutes, the
17 purpose of this part is to:

- 18 (1) Reduce the minimum number of years of credited service
19 qualified Tier 2 members must have to be eligible for
20 vested benefit status for service retirement allowance
21 purposes from ten years to five years; and



1 (2) Increase employer contributions to offset the
2 liability produced by the vesting changes.

3 SECTION 3. Section 88-62, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) [~~For~~] Notwithstanding section 88-99, for members who
6 become members after June 30, 2012:

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



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



1 requirement established for the benefit; provided that
2 the membership service requirement shall be exclusive
3 of any former service acquired in accordance with
4 section 88-59 or any other section in part II, VII, or
5 VIII;

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

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

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



1 (3) If a former member [~~with ten or more years of credited~~
2 ~~service who did not withdraw the former member's~~
3 ~~contributions~~] who has vested benefit status as
4 provided in section 88-96(b) returns to service, the
5 former member's status shall be in accordance with the
6 provisions described in section 88-97[-];

7 (4) If a former member who has fewer than five years of
8 credited service and who has been out of service for a
9 period of four full calendar years or more after the
10 year in which the former member left service, or if a
11 former member withdrew the former member's accumulated
12 contributions returns to service and remains in
13 service as of July 1, 2027, or returns to service
14 after June 30, 2027, the former member shall become a
15 member in the same manner and under the same
16 conditions as anyone first entering service; provided
17 that the former member may obtain membership service
18 credit in the manner provided by applicable law for
19 credited service that was forfeited by the member upon
20 termination of the member's previous membership. If
21 the member did not withdraw the former member's



1 accumulated contributions before the former member's
2 return to service, the accumulated contributions shall
3 be returned to the member as part of the process of
4 enrolling the member in the system if the member's
5 accumulated contributions are \$1,000 or less at the
6 time of distribution. If the accumulated
7 contributions for the service the member had when the
8 member previously terminated employment are greater
9 than \$1,000 and the member does not make written
10 application, before or contemporaneously with the
11 member's return to service, for return of the
12 accumulated contributions, the member may not withdraw
13 the member's accumulated contributions, except as
14 provided by section 88-96 or 88-341, until the member
15 retires or attains age sixty-two. The member shall
16 not be entitled to service credit by reason of the
17 system's retention of the member's accumulated
18 contributions for the service the member had when the
19 member previously terminated employment. To be
20 eligible for any benefit, the member shall fulfill the
21 membership service requirements for the benefit



1 through membership service after again becoming a
2 member, in addition to meeting any other eligibility
3 requirement established for the benefit; provided that
4 the membership service requirement shall be exclusive
5 of any former service acquired in accordance with
6 section 88-59 or any other section in part II, VII, or
7 VIII; and

8 (5) If a former member who has fewer than five years of
9 credited service and who did not withdraw the former
10 member's accumulated contributions returns to service
11 and remains in service as of July 1, 2027, or returns
12 to service after June 30, 2027, and who returns to
13 service within four full calendar years after the year
14 in which the former member left service, the former
15 member shall again become a member in the same manner
16 and under the same conditions as anyone first entering
17 service, except that the member shall be credited with
18 service credit for the service the member had when the
19 member terminated employment:



- 1 (A) If the member returns to service as a class A or
2 class B member, the member's new and previous
3 accumulated contributions shall be combined; or
4 (B) If the member returns to service as a class H
5 member, section 88-321(b) shall apply."

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

8 1. By amending subsections (a) and (b) to read:

9 "(a) ~~[Any]~~ Notwithstanding section 88-99, any member who:

10 (1) Became a member before July 1, 2012, and has at least
11 five years of credited service and has attained age
12 fifty-five;

13 (2) Became a member before July 1, 2012, and has at least
14 twenty-five years of credited service;

15 (3) Has at least ten years of credited service, which
16 includes service as a judge before July 1, 1999, an
17 elective officer, or a legislative officer;

18 (4) Becomes a member after June 30, 2012, and has at least
19 ten years of credited service and has attained age
20 sixty; ~~[or]~~



1 (5) Becomes a member after June 30, 2012, and has at least
2 twenty-five years of credited service and has attained
3 age fifty-five[7]; or

4 (6) Becomes a member after June 30, 2012, and who is in
5 service as of July 1, 2027, or who returns to service
6 or becomes a member after June 30, 2027, and has at
7 least five years of credited service and has attained
8 the age of sixty,

9 shall become eligible to receive a retirement allowance after
10 the member has terminated service.

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



1 Any member who first earned credited service as a judge after
2 June 30, 2012, and who is in service as of July 1, 2027, or
3 thereafter, and has at least five years of credited service and
4 has attained age sixty, shall be eligible to receive a
5 retirement allowance after the member has terminated service."

6 2. By amending subsection (f) to read:

7 "(f) A member's right to the member's accrued retirement
8 benefit is nonforfeitable upon the attainment of normal
9 retirement age and the completion of the requisite years of
10 credited service.

11 For the purpose of this subsection:

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

13 "Requisite years of credited service" means five years for
14 class A and B members who became members before July 1, 2012,
15 and ten years for class A and B members who became members after
16 June 30, 2012[+]; and five years for class A and B members who
17 became members after June 30, 2012, and who are in service as of
18 July 1, 2027, or who returned to service or became a member
19 after June 30, 2027."

20 SECTION 5. Section 88-96, Hawaii Revised Statutes, is
21 amended by amending subsections (a) and (b) to read as follows:



1 "(a) Any member who ceases to be an employee and who
2 became a member before July 1, 2012, and has fewer than five
3 years of credited service, excluding unused sick leave[7] or who
4 becomes a member after June 30, 2012, and has fewer than ten
5 years of credited service, excluding unused sick leave[7]; or
6 who becomes a member after June 30, 2012, and who is in service
7 as of July 1, 2027, or who returns to service after June 30,
8 2027, and has fewer than five years of credited service,
9 excluding unused sick leave; or who becomes a member after
10 June 30, 2027, and has fewer than five years of credited
11 service, excluding unused sick leave, shall, upon application to
12 the board, be paid all of the member's accumulated contributions
13 and the member's membership shall thereupon terminate and all
14 credited service shall be forfeited; provided that a member
15 shall not be paid the member's accumulated contributions:

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

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



1 Regular interest shall be credited to the former employee's
2 account until the former employee's accumulated contributions
3 are returned to the former employee; provided that the former
4 employee's membership shall not continue after the fourth full
5 year following the calendar year in which the individual's
6 employment terminates. Upon termination of the former
7 employee's membership, the former employee's credited service
8 shall be forfeited and, if the former employee's accumulated
9 contributions are \$1,000 or less at the time of distribution,
10 the system shall return the former employee's contributions to
11 the former employee. If the former employee does not become an
12 employee again and if the former employee's accumulated
13 contributions have not been withdrawn by the former employee or
14 previously returned by the system to the former employee, the
15 system shall return the former employee's accumulated
16 contributions to the former employee as soon as possible after
17 the later of: (A) the former employee attaining age sixty-two;
18 or (B) the termination of the former employee's membership.

19 (b) Any member who ceases to be an employee and who became
20 a member before July 1, 2012, and has more than five years of
21 credited service, excluding unused sick leave[7]; or who becomes



1 a member after June 30, 2012, and has more than ten years of
2 credited service, excluding unused sick leave[7]; or who becomes
3 a member after June 30, 2012, and who is in service as of
4 July 1, 2027, or who returns to service after June 30, 2027, and
5 has more than five years of credited service, excluding unused
6 sick leave; or who becomes a member after June 30, 2027, and has
7 more than five years of credited service, excluding unused sick
8 leave, shall, upon application to the board, be paid all of the
9 member's accumulated contributions and thereupon the former
10 employee's membership shall terminate and all credited service
11 shall be forfeited; provided that a member shall not be paid the
12 member's accumulated contributions:

13 (1) If the member becomes an employee again within fifteen
14 calendar days from the date the member ceased to be an
15 employee; or

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

19 If the contributions are not withdrawn by the former
20 employee within four calendar years following the calendar year
21 in which the former employee's employment terminates, the former



1 employee shall have established vested benefit status and shall
2 be eligible for the service retirement benefit in effect at the
3 time of the former employee's retirement, payable in accordance
4 with this chapter; provided that, if the former employee
5 withdraws the former employee's accumulated contributions, the
6 former employee's vested benefit status shall terminate and all
7 credited service shall be forfeited."

8 SECTION 6. Section 88-122, Hawaii Revised Statutes, is
9 amended by amending subsection (e) to read as follows:

10 "(e) Commencing with fiscal year 2005-2006 and each
11 subsequent fiscal year until fiscal year 2007-2008, the employer
12 contributions for normal cost and accrued liability for each of
13 the two groups of employees in subsection (a) shall be based on
14 fifteen and three-fourths per cent of the member's compensation
15 for police officers, firefighters, and corrections officers and
16 thirteen and three-fourths per cent of the member's compensation
17 for all other employees. Commencing with fiscal year 2008-2009
18 and each subsequent fiscal year until fiscal year 2011-2012, the
19 employer contributions for normal cost and accrued liability for
20 each of the two groups of employees in subsection (a) shall be
21 based on nineteen and seven-tenths per cent of the member's



1 compensation for police officers, firefighters, and corrections
2 officers and fifteen per cent of the member's compensation for
3 all other employees. In fiscal year 2012-2013, the employer
4 contributions for normal cost and accrued liability for each of
5 the two groups of employees in subsection (a) shall be based on
6 twenty-two per cent of the member's compensation for police
7 officers, firefighters, and corrections officers and fifteen and
8 one-half per cent of the member's compensation for all other
9 employees. In fiscal year 2013-2014, the employer contributions
10 for normal cost and accrued liability for each of the two groups
11 of employees in subsection (a) shall be based on twenty-three
12 per cent of the member's compensation for police officers,
13 firefighters, and corrections officers and sixteen per cent of
14 the member's compensation for all other employees. In fiscal
15 year 2014-2015, the employer contributions for normal cost and
16 accrued liability for each of the two groups of employees in
17 subsection (a) shall be based on twenty-four per cent of the
18 member's compensation for police officers, firefighters, and
19 corrections officers and sixteen and one-half per cent of the
20 member's compensation for all other employees. Commencing with
21 fiscal year 2015-2016 until fiscal year 2016-2017, the employer



1 contributions for normal cost and accrued liability for each of
2 the two groups of employees in subsection (a) shall be based on
3 twenty-five per cent of the member's compensation for police
4 officers, firefighters, and corrections officers and seventeen
5 per cent of the member's compensation for all other employees.
6 In fiscal year 2017-2018, the employer contributions for normal
7 cost and accrued liability for each of the two groups of
8 employees in subsection (a) shall be based on twenty-eight per
9 cent of the member's compensation for police officers,
10 firefighters, and corrections officers and eighteen per cent of
11 the member's compensation for all other employees. In fiscal
12 year 2018-2019, the employer contributions for normal cost and
13 accrued liability for each of the two groups in subsection (a)
14 shall be based on thirty-one per cent of the member's
15 compensation for police officers, firefighters, and corrections
16 officers and nineteen per cent of the member's compensation for
17 all other employees. In fiscal year 2019-2020, the employer
18 contributions for normal cost and accrued liability for each of
19 the two groups in subsection (a) shall be based on thirty-six
20 per cent of the member's compensation for police officers,
21 firefighters, and corrections officers and twenty-two per cent



1 of the member's compensation for all other employees.
2 Commencing with fiscal year 2020-2021 and each subsequent fiscal
3 year, the employer contributions for normal cost and accrued
4 liability for each of the two groups in subsection (a) shall be
5 based on forty-one per cent of the member's compensation for
6 police officers, firefighters, and corrections officers and
7 twenty-four per cent of the member's compensation for all other
8 employees. Commencing with fiscal year 2025-2026 and each
9 subsequent fiscal year, the employer contributions for normal
10 cost and accrued liability for each of the two groups in
11 subsection (a) shall be based on forty-one and nineteen
12 hundredths per cent of the member's compensation for police
13 officers, firefighters, and corrections officers and twenty-four
14 and nineteen hundredths per cent of the member's compensation
15 for all other employees. The contribution rates shall amortize
16 the total unfunded accrued liability of the entire plan over a
17 period not to exceed the maximum funding period.

18 The contribution rates shall be subject to adjustment:

- 19 (1) If the actual period required to amortize the unfunded
20 accrued liability exceeds the maximum funding period;
21 (2) If there is no unfunded accrued liability; or



(3) Based on the actuarial investigation conducted in accordance with section 88-105."

SECTION 7. Section 88-331, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

"(a) ~~[A]~~ Notwithstanding section 88-99, a class H member
who:

(1) Became a member before July 1, 2012, has at least five years of credited service, and has attained age sixty-two;

(2) Became a member before July 1, 2012, has at least thirty years of credited service, and has attained the age of fifty-five; ~~[or]~~

(3) Becomes a member after June 30, 2012, has at least ten years of credited service, and has attained age sixty-five; ~~[or]~~

(4) Becomes a member after June 30, 2012, has at least thirty years of credited service, and has attained age sixty~~[7]~~; or

(5) Becomes a member after June 30, 2012, and who is in service as of July 1, 2027, or who returns to service



1 or becomes a member after June 30, 2027, and has at
2 least five years of credited service and has attained
3 the age of sixty-five,

4 shall become eligible to receive a retirement allowance after
5 the member has terminated service."

6 2. By amending subsection (f) to read as follows:

7 "(f) A member's right to the member's accrued retirement
8 benefit is nonforfeitable upon the attainment of normal
9 retirement age and the completion of the requisite years of
10 credited service.

11 For the purpose of this subsection:

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

13 "Requisite years of credited service" means five years for
14 class H members who became members before July 1, 2012~~[and]~~; ;
15 ten years for class H members who became members after June 30,
16 2012~~[and]~~; and five years for class H members who became members
17 after June 30, 2012, and who are in service as of July 1, 2027,
18 or who returned to service or became a member after June 30,
19 2027."

20 SECTION 8. Section 88-338, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) Upon receipt by the system of proper proof of a class
2 H member's death occurring in service or while on authorized
3 leave without pay and if no pension is payable under section
4 88-339, there shall be paid to the member's designated
5 beneficiary an ordinary death benefit as follows:

6 (1) The member's accumulated contributions shall be paid
7 to the member's designated beneficiary if:

8 (A) The member became a member before July 1, 2012,
9 and had less than five years of credited service
10 at the time of death; ~~[or]~~

11 (B) The member became a member after June 30, 2012,
12 and had less than ten years of credited service
13 at the time of death; or

14 (C) The member became a member after June 30, 2012,
15 and was in service as of July 1, 2027, or who
16 returned to service or became a member after
17 June 30, 2027, and had less than five years of
18 credited service at the time of death;

19 (2) An amount equal to the member's hypothetical account
20 balance shall be paid to the member's designated
21 beneficiary if:



1 (A) The member became a member before July 1, 2012,
2 and had five or more years of credited service at
3 the time of death; [~~or~~]

4 (B) The member became a member after June 30, 2012,
5 and had ten or more years of credited service at
6 the time of death; or

7 (C) The member became a member after June 30, 2012,
8 and was in service as of July 1, 2027, or who
9 returned to service or became a member after
10 June 30, 2027, and had five or more years of
11 credited service at the time of death;

12 (3) If the member had ten or more years of credited
13 service at the time of death, the member's designated
14 beneficiary may elect to receive in lieu of any other
15 payment provided in this section, the allowance that
16 would have been payable as if the member had retired
17 on the first day of a month following the member's
18 death, except for the month of December when
19 retirement on the first or last day of the month shall
20 be allowed. Benefits payable under this paragraph
21 shall be calculated under option 3 of section 88-83



1 and computed on the basis of section 88-332, unreduced
2 for age; or

3 (4) If the member was eligible for service retirement at
4 the time of death, the member's designated beneficiary
5 may elect to receive in lieu of any other payment
6 provided in this section, the allowance that would
7 have been payable as if the member had retired on the
8 first day of a month following the member's death,
9 except for the month of December when retirement on
10 the first or last day of the month shall be allowed.
11 Benefits payable under this paragraph shall be
12 calculated under option 2 of section 88-83 and
13 computed on the basis of section 88-332."

14 SECTION 9. Section 88-341, Hawaii Revised Statutes, is
15 amended by amending subsections (a) and (b) to read as follows:

16 "(a) Any class H member who ceases to be an employee and
17 who became a member before July 1, 2012, and has fewer than five
18 years of credited service, excluding unused sick leave[7]; or
19 who becomes a member after June 30, 2012, and has fewer than ten
20 years of credited service, excluding unused sick leave[7]; or
21 who becomes a member after June 30, 2012, and who is in service



1 as of July 1, 2027, or who returns to service or becomes a
2 member after June 30, 2027, and has fewer than five years of
3 credited service, excluding unused sick leave, shall, upon
4 application to the board, be paid all of the former employee's
5 accumulated contributions, and the former employee's membership
6 shall thereupon terminate and all credited service shall be
7 forfeited; provided that an individual shall not be paid the
8 individual's accumulated contributions if either:

9 (1) The individual becomes an employee again within
10 fifteen calendar days from the date the individual
11 ceased to be an employee; or

12 (2) At the time the application for return of accumulated
13 contributions is received by the board, the individual
14 has become an employee again.

15 Regular interest shall be credited to the former employee's
16 account until the former employee's accumulated contributions
17 are withdrawn; provided that the former employee's membership
18 shall not continue after the fourth full year following the
19 calendar year in which the individual's employment terminates.
20 If the former employee does not become an employee again and has
21 not withdrawn the former employee's accumulated contributions,



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

5 (b) Any class H member who ceases to be an employee and
6 who became a member before July 1, 2012, and has more than five
7 years of credited service, excluding unused sick leave[7] or who
8 becomes a member after June 30, 2012, and has more than ten
9 years of credited service, excluding unused sick leave[7]; or
10 who becomes a member after June 30, 2012, and who is in service
11 as of July 1, 2027, or who returns to service or becomes a
12 member after June 30, 2027, and has five or more years of
13 credited service, excluding unused sick leave, shall, upon
14 application to the board, be paid an amount equal to the former
15 employee's hypothetical account balance and the former
16 employee's membership shall thereupon terminate and all credited
17 service shall be forfeited; provided that the individual shall
18 not be paid the individual's hypothetical account balance if
19 either:



(1) The individual becomes an employee again within fifteen calendar days from the date the individual ceased to be an employee; or

(2) At the time the application for payment of the individual's hypothetical account balance is received by the board, the individual has become an employee again.

If the contributions are not withdrawn by the former employee after the individual's employment terminates, the former employee shall have vested benefit status and shall be eligible for the service retirement benefit in effect at the time of the former employee's retirement, payable in accordance with this chapter."

PART III

SECTION 10. The preceding parts do not affect the rights, duties, benefits, and obligations that matured or were vested, or proceedings that were begun, before its effective date, including but not limited to, any membership that was terminated, credited service that was forfeited, retirement that was finalized, or benefits that were paid.



1 SECTION 11. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 12. This Act shall take effect upon its approval.



Report Title:

ERS; Judges; Retirement Allowance; Tier 2 Employees; Credited Service; Benefits; Employer Contributions

Description:

Sets the retirement allowance for a member who first earns credited service as a judge after 6/30/2025, to 1.75 per cent of the judge's average final compensation for each year of credited service as a judge. Reduces the minimum number of years of credited service qualified Tier 2 Employees' Retirement System members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years. Increases employer contributions to offset the resulting liability. (SD2)

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

