

**ACT 175**

An Act Relating to Amendments to the Employees' Retirement System Law and Making Appropriation Therefor.

*Be it Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 6-41(b) of the Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

**"Sec. 6-41(b).** Any member who has attained the age of fifty-five or has had twenty-five years of creditable service, even though separated from service, may at his election retire and receive a retirement allowance consisting of his annuity, computed as provided in section 6-42(a), and a pension and additional pension, if entitled thereto, having a value equal to the

present worth of a deferred pension beginning on the earliest date he would have been eligible to retire in accordance with section 6-41(a) and computed as provided in section 6-42(b) and (c);”.

SECTION 2. Section 6-42 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

**“Sec. 6-42. Allowance on service retirement.** Except as otherwise provided in section 6-41, upon retirement for service a member shall receive a service retirement allowance as follows:

(a) An annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(b) If the member has attained age 65 at the time of service retirement, a pension which together with such annuity will provide a total retirement allowance equal to one-sixtieth of the average final compensation of the member multiplied by the total number of years of his creditable service; reduced for Class A members by one two-hundred-eightieth, or one-hundred-fortieth if the member elected to reduce his contributions as provided in section 6-83, of the part of his average final compensation net in excess of \$4,200 per annum multiplied by the number of years of his creditable service rendered subsequent to December 31, 1955 for which he received compensation covered by social security. If the member has not attained age 65 at the time of service retirement his pension shall be the greater of:

(1) A pension which together with his annuity will provide a total retirement allowance having a value equal to the present worth of a deferred retirement allowance beginning at age 65 and computed as above; or

(2) A pension equal to one one-hundred-fortieth of his average final compensation multiplied by the number of years of his membership service; and, if he has a prior service certificate in full force and effect, an additional pension which shall be equal to one-seventieth of his average final compensation multiplied by the number of his years of service certified to him on his prior service certificate; provided that if the member is a Class A member such pension payable subsequent to the attainment of age sixty-five shall be reduced by one two-hundred-eightieth of the part of his average final compensation not in excess of \$4,200 per annum multiplied by the number of years of his creditable service subsequent to December 31, 1955 for which he received compensation covered by social security; except that the reduced pension payable after age 65 shall not be less than the amount of pension computed under paragraph (1) above.

Notwithstanding the foregoing, in the case of a fireman or a policeman, the service retirement allowance shall consist of a pension, in addition to the annuity, which shall consist of: (1) 1 per cent of his average final compensation for each of his first twenty-five years of creditable service rendered after June 30, 1957; (2)  $\frac{3}{4}$  of 1 per cent of his average final compensation for each of the next ten years of creditable service after June 30, 1957; and (3) an additional pension, which when added to the annuity provided by the contributions made by the member prior to June 30, 1957, will result in a total retirement allowance of 2 per cent of his average final compensation for each year of creditable service rendered before July 1, 1957 up to a total of twenty-five years, and  $1\frac{1}{2}$  per cent of his average final compensation for each of the next ten years of creditable service; provided, however, that if such member retiring under the terms of this section had, at any time subsequent to December 31, 1955, service as a Class A member, his pension pay-

able subsequent to the attainment of age 65 shall be reduced by one two-hundred-eightieth of the part of his average final compensation not in excess of \$4,200 per annum multiplied by the number of years of his creditable service subsequent to December 31, 1955 for which he received compensation covered by social security."

SECTION 3. Section 6-45 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

**"Sec. 6-45. Allowance on disability retirement.** (a) Upon retirement for disability a member shall receive a service retirement allowance if he has attained the age of sixty years; otherwise he shall receive a disability retirement allowance which shall consist of (1) an annuity which shall be the actuarial equivalent of his accumulated contributions at the time of retirement; and (2) a pension equal to one one-hundred-fortieth of his average final compensation multiplied by the number of years of membership service that would have been rendered by him were his service to continue to age sixty, except that if a member is a Class A member such pension payable subsequent to the time when the member becomes eligible for a social security benefit shall be reduced by one two-hundred-eightieth of the part of his average final compensation not in excess of \$4,200 multiplied by the number of years of his creditable service that would have been rendered by him subsequent to December 31, 1955 and for which he would have received compensation covered by social security, if his service continued to age sixty; and (3) if he has a prior service certificate in full force and effect an additional pension which shall be equal to one-seventieth of his average final compensation multiplied by the number of years of service certified to him on his prior service certificate.

(b) Notwithstanding the foregoing, the disability retirement allowance in the case of a fireman or a policeman shall be his annuity plus a pension of ninety per cent of the pension computed on the basis of his average final compensation which would be allowed had he continued in service to attain his minimum age for service retirement, except that if the member had, at any time subsequent to December 31, 1955, service as a Class A member such pension payable subsequent to the time when the member becomes eligible for a social security benefit shall be reduced by ninety per cent of one-two-hundred-eightieth of the part of his average final compensation not in excess of \$4,200 multiplied by the number of years of his creditable service that would have been rendered by him subsequent to December 31, 1955, and for which he would have received compensation covered by social security, if his service continued to his minimum age for service retirement."

SECTION 4. Section 6-47 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

**"Sec. 6-47. Allowance on accidental disability retirement.** Upon retirement for accidental disability a member shall receive a retirement allowance which shall consist of: (a) an annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and (b) a pension, in addition to the annuity, of sixty-six and two-thirds per cent of his average final compensation, except that if a member was, at any time, a Class A member such pension payable subsequent to the time when the member becomes eligible for a social security benefit, shall be reduced by sixteen and two-thirds per cent of the part of his average final compensation

not in excess of \$4,200 per annum, except that during any period when such social security benefit is reduced by a workmen's compensation benefit the reduction provided hereunder shall be decreased pro rata."

SECTION 5. Section 6-82 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

**"Sec. 6-82. Computing employee contributions.** Upon the basis of such tables as the board shall adopt and regular interest, the actuary shall determine for each member the proportion of compensation which, when deducted from each payment of prospective earnable annual compensation prior to his attainment of the age of sixty years and accumulated at regular interest until he reaches such age, shall provide at that time an annuity equal to one one-hundred-fortieth of his estimated average final compensation multiplied by the number of years of his membership service prior to the attainment of the age of sixty years. Such proportion of compensation shall be computed to remain constant.

Notwithstanding the foregoing, in the case of a fireman or policeman, the proportion of compensation shall be computed on the basis of retirement at attainment of age fifty-five and completion of twenty-five years of service, or age sixty, whichever is lower, to provide an annuity equal to the pension allowable on account of membership service rendered after June 30, 1957, in accordance with section 6-42."

SECTION 6. Section 6-90 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding thereto a new paragraph at the end thereof to read as follows:

"Notwithstanding any other provisions of this chapter to the contrary, the accrued liability on account of any additional retirement benefits by reason of the provisions for retirement allowances equal to one-sixtieth of the average final compensation for each year of service may be liquidated, with the approval of the board, by crediting thereto the unobligated balance of the reserve for future interest deficits accumulated through appropriations heretofore made by the State and by future earnings on system investments in excess of the regular rate until such time as such accrued liability with regular interest has been fully paid."

SECTION 7. Chapter 6 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding thereto a new section, to be appropriately numbered, and to read as follows:

**"Sec. 6- . Post retirement allowances.** There shall be a post retirement allowance payable to each person receiving any pension, annuity or retirement allowance under the provisions of this chapter, on June 30, 1961, and to each person who first becomes entitled to receive any such pension, annuity or retirement allowance on or after July 1, 1961, as follows:

On the first day of July in each year following June 30, 1961, or the calendar year in which any monthly pension, annuity or retirement allowance was first paid, whichever last occurs, there shall be added to such monthly pension, annuity or retirement allowance and paid to the beneficiary thereof monthly thereafter an amount equivalent to 1½ per cent of the amount of such monthly pension, annuity or retirement allowance as originally computed, approved and paid."

SECTION 8. Section 6-72 of the Revised Laws of Hawaii 1955, is hereby amended to read as follows:

**“Sec. 6-72. Funds of the system.** The funds created by this part are the annuity savings fund, the annuity reserve fund, the pension accumulation fund, the pension reserve fund, the post retirement fund, the expense fund, and the minimum pension fund.”

SECTION 9. Chapter 6 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding thereto a new section, to be appropriately numbered and to read as follows:

**“Sec. 6- . Post retirement fund.** The post retirement fund shall be the fund to which shall be credited all moneys contributed by the members and provided by the State and counties to pay the post retirement allowances and from which all post retirement allowances shall be paid in accordance with the provisions of section 6- . Annually, the board shall estimate the amount of money that the State and the counties shall contribute to this fund on the basis of  $\frac{1}{2}$  of 1 per cent of the total compensation earnable during the preceding year by all members who were employees of the State or counties, as the case may be, as determined by the annual valuation of the actuary. Such amount shall be prorated among the State and the respective counties upon the basis of the payrolls as aforesaid and each shall pay its pro rata share thereof.”

SECTION 10. Section 6-82 of the Revised Laws of Hawaii 1955, as amended by section 5 of this Act, is hereby further amended by adding a third paragraph thereto to read as follows:

“In addition to the foregoing, the proportion of earnable compensation to be assigned after June 30, 1961, shall be increased by  $\frac{1}{2}$  of 1 per cent to provide employee contributions to the post retirement fund.”

SECTION 11. There is hereby appropriated out of the general revenues of the State of Hawaii, not otherwise appropriated, the sum of \$1,347,510 or so much thereof as may be necessary, to be credited to the post retirement fund.

SECTION 12. Chapter 6 of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding thereto a new part to be numbered and to read as follows:

## **“PART VII BONUS PAYMENT**

**Sec. 6-250.** Any law to the contrary notwithstanding, every pension payable under the employees’ retirement system of the State or payable under or pursuant to any law of the State, or by any county or independent public board or commission, shall be increased by a bonus for each month as follows:

(a) Fifty dollars (\$50.00) per month to those retirants and pensioners who had, on or before June 30, 1966, 10 or more years of service; provided, that any member who is retired because of physical or mental disability due to any injury or disease incurred while in the performance of his duty as a public employee shall be entitled to receive the bonus payment without meeting the said minimum service requirement;

(b) Twenty dollars (\$20.00) per month additional to the above bonus to those retirants or pensioners who retired before July 1, 1945;

(c) Twenty dollars (\$20.00) per month additional to the above bonus or bonuses to those retirants or pensioners who have had 21 or more years

of service; provided, that if the pension as increased by said bonus or bonuses does not equal one hundred thirty dollars (\$130.00) per month, the bonus shall be further increased by such sum, not in excess of twenty dollars (\$20.00) as will bring the total of the pension and bonus to one hundred and thirty dollars (\$130.00) per month; provided, further, that where the dependents of a deceased pensioner are receiving pension by reason of his death, the total only of all amounts paid to such dependents shall be so increased, and the increase herein shall be shared by them in proportion to the respective amounts of pension receivable by them exclusive of this increase.

**Sec. 6-251.** No pension payable under the employees' retirement system shall be increased by any bonus for any pensioner unless the beneficiary or the person for whose service the pension is payable has had sufficient service to qualify for the minimum service retirement allowance, except as provided in subparagraph (a) of section 6-250 and no funds appropriated in this Act or by any other act shall be paid in violation of this provision; provided, that this provision shall not operate to increase the pension of any person who was receiving a pensioners' bonus on July 1, 1951, without having met the minimum service requirement, but such person shall continue to receive the pension he was receiving on June 30, 1955.

**Sec. 6-252.** The provisions under section 12 of this Act shall not apply to any person who may retire or may have retired on or after July 1, 1957, and who will receive or who is receiving social security benefits upon his retirement when said benefits are based on contributions made by the State or any of its political subdivisions.

**Sec. 6-253.** The board of trustees of the employees' retirement system of the State is hereby authorized and directed to pay the bonus to pensioners under said system, the comptroller is hereby authorized and directed to pay the bonus to all state pensioners who are not under said system, and the appropriate officer of each county, and each independent board or commission hereby affected, is hereby authorized and directed to pay the bonus granted to pensioners whose pensions are payable by said respective counties, boards and commissions, all such payments to be made from allotments pursuant to section 13 of this Act; and all such boards, commissions and officers are hereby directed to certify to the director of the budget, promptly upon the enactment of this Act, the amounts required to meet such bonus payments as required by the director of the budget.

**Sec. 6-254.** Any veteran who may qualify for a non-service-connected pension through the veterans' administration may waive any portion or all of the benefits that he may receive under this Act."

**SECTION 13.** There is hereby appropriated from the general revenues of the State the sum of \$1,970,000 to pay the bonus provided for by section 12 of this Act, for the period July 1, 1961 to June 30, 1962. Such appropriation shall be allotted by the director of the budget with the approval of the governor to the several boards, commissions and officers required to make such payments, except where there is a specific provision for payment of the bonus from other funds, and in the case of the counties the money so allotted shall be paid into each respective county treasury and held in special funds solely for the purpose of paying bonuses in accordance with section 12 of this Act. The director of the budget is authorized to include in subsequent budgets of the department of budget and review an amount to

carry out the purpose of section 12 of this Act; provided, that no bonus shall be payable to any person retiring after June 30, 1971.

SECTION 15.\* This Act shall take effect on July 1, 1961.

(Approved July 10, 1961.) **S.B. 643.**

\* So in original.

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