

ACT 40

H. B. 21.

A Bill for an Act Relating to the Purchase of Annuities for Employees of the Department of Education and the University of Hawaii to Qualify Under Section 403(b) of the Internal Revenue Code of 1954, as Amended.

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

SECTION 1. Title 6, 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. .... Annuities. (a) The purpose of this bill is to provide the means by which employees of the Department of Education and the University of Hawaii may qualify for the favorable benefits of section 403(b) of the Internal Revenue Code of 1954, as amended.

(b) The Department of Education and the University of Hawaii may, on behalf of any employee of their respective institutions, enter into a written agreement with any such employee, to purchase for said employee an annuity contract from an insurer who holds a certificate of authority under the provisions of section 181-82, Revised Laws of Hawaii 1955.

(c) The Department of Education and the University of Hawaii may also enter into an agreement under which such employer shall withhold from the salary of the employee the amount of the premiums payable on account of such annuity contract, and shall make such premium payments on behalf of the employee.

(d) Each employer may adopt rules to implement this Act including, but not by way of limitation, (a) the method of filing an election to accept an adjustment in earnings and revocation of the election, (b) the effective date of an election, (c) changes in the amount of the adjustment in earnings, and (d) selection of the insurance company or companies from which the annuity contracts are to be purchased.

(e) A reduction in salary authorized by an employee under terms of this Act shall in no way alter the amount of regular compensation or gross salary upon which his contribution to the employees' retirement system is based."

**SECTION 2.** This Act shall take effect upon its approval.

(Approved May 2, 1967.)