

A Bill for an Act Making an Appropriation for a Study of Retirement Benefits and Cost of Living by the Employees' Retirement System.

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

SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$20,000, or so much thereof as may be necessary, for a study to be undertaken by the Board of Trustees of the Employees' Retirement system of retirement benefits and the cost of living, which study shall include:

(1) A description of the benefit formulas under which payments are now being made, tracing the history of changes in the basic formula and types of benefits, various benefit increases authorized specifically for pensioners, and changes in philosophy underlying the benefit structure;

(2) Statistical information concerning those now receiving benefits and those projected to receive benefits which would be pertinent to understanding the dimensions of the problem, together with an analysis of the effect of projected increases in the cost of living and the adequacy of existing formulas to meet these increases;

(3) Analysis of the retirement allowances as originally granted, the effect of changes in the cost of living since the date of retirement and the effect of improvements in benefits which have been provided, such as the pensioners' bonus, social security coverage and the post retirement benefit and related measures including coverage under the Hawaii public employees health fund, with detailed consideration of the individuals who have been, or who will be, affected by these actions;

(4) Consideration of the adequacy of the original retirement benefit in terms of length of service, salary basis, type and mode of retirement, as compared with current benefit formulas, including the effect of social security coverage, changes in actuarial assumptions and factors, and related matters;

(5) Development of various alternative formulas for increasing benefits already in force, including consideration of length of service, salary basis, type and mode of retirement; the pros and cons of each alternative and the related costs;

(6) Development of various alternative programs for meeting the problem of projected increases in the cost of living, and the related costs;

(7) Consideration of feasible methods of meeting the costs of the various plans of improvement in benefits, including, but not limited to, revision in the investment authority of the retirement system, including the financial and actuarial implications of the present post retirement benefit formula; and

(8) Description of the steps taken by other governmental retirement systems and by private pension systems to meet the same problem.

SECTION 2. The study shall be submitted to the legislature 20 days prior to the convening of the 1970 session.

SECTION 3. The sum appropriated shall be expended by the depart-

ment of budget and finance for the employees' retirement system for the purpose of this Act.

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

(Approved July 14, 1969.)