

A Bill for an Act Relating to the Employees' Retirement System.

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

SECTION 1. Section 88-73, Hawaii Revised Statutes, is amended to read as follows:

**"§88-73 Service retirement.** Retirement of a member on a service retirement allowance shall be made by the board of trustees as follows:

- (1) Any member who has at least five years of credited service and who has attained age fifty-five or any member who has at least twenty-five years of credited service or any member who has at least ten years of credited service, including service as a judge, an elective officer, or the chief clerk [and] or the sergeant at arms of [both houses] either house of the legislature, may retire upon [his] written application to the board specifying on what date, not less than thirty days nor more than ninety days subsequent to the execution and filing thereof, [he] the member desires to be retired. In the event of the death of a member after the date of the filing of the member's written application to retire, the designated beneficiary, otherwise the personal representative of the member's estate, shall receive the allowance under the option selected by the member which would have been payable had the member retired, and the benefits paid to the beneficiary or representative shall be computed as though the member had died on or after the effective date of the member's retirement.
- (2) Any member of the legislature who attains age sixty-five may retire and receive a service retirement allowance although [he] the member continues to fill [his] the elective position.
- (3) For the purpose of computing or determining benefits for an elective officer or judge, or any beneficiary of either, the date upon which [he] the elective officer or judge elected to retire, as provided by section 88-61(c), after attaining an allowance of seventy-five per cent of [his] average final compensation, shall be used as the effective date of retirement; provided that the elective officer or judge may continue in active service, but [he] shall not receive a retirement allowance until [he leaves] termination of active service; however, upon [his] leaving active service [he] the elective officer or judge shall receive the retirement allowance provided for in section 88-74, together with the post retirement allowances provided for in section 88-90, which post retirement allowances shall be computed from the date of the election as though [he] the elective officer or judge had left active service on that day.
- (4) In the case of a class A or B member who also has prior credited service under part VII of this chapter, total credited service as a class A, class B, and class C member shall be used to determine the eligibility for retirement allowance."

SECTION 2. Section 88-74, Hawaii Revised Statutes, is amended to read as follows:

**"§88-74 Allowance on service retirement.** Upon retirement [for] from service, a member shall receive a retirement allowance as follows:

- (1) If the member has attained the age of fifty-five, a retirement allowance of [one-fiftieth] two per cent of the member's average final compensation [of the member] multiplied by the total number of years of the member's credited service[;] as a class A and B member, 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; provided that after June 30, 1968, 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 or police officer[;], and provided that after June 30, 1977, 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, then for each year of service as a firefighter, a police officer, or a corrections officer, the retirement allowance shall be two and one-half per cent of the member's average final compensation; provided further that the maximum retirement allowance for such a member shall not exceed eighty per cent of the member's average final compensation. If the member has not attained the age of fifty-five, the member's retirement allowance shall be computed as though the member had attained age fifty-five, reduced in accordance with factors of actuarial equivalence adopted by the board upon the advice of the actuary; provided that no such reduction shall be made if the member has at least twenty-five years of credited service as a firefighter, police officer, corrections officer, or sewer worker, of which the last five or more years prior to retirement is credited service in such capacities.
- (2) If the member has made voluntary additional contributions for the purchase of an additional annuity and has not applied for the refund thereof as permitted by section 88-72, the member may accept such refund at the time of retirement or, in lieu thereof, receive in addition to the retirement allowance provided in paragraph (1), an annuity which is the actuarial equivalent of such additional contributions with regular interest.
- (3) If the member has credited service as a judge, an elective officer, or the chief clerk [and] or the sergeant at arms of [both houses] either house of the legislature, the member's retirement allowance shall be computed on the following basis:
  - (A) Irrespective of age, for each year of credited service as a judge, an elective officer, or the chief clerk [and] or the sergeant at arms of [both houses] either house of the legislature, three and one-half per cent of the member's average final compensation in addition to an annuity which is the actuarial equivalent of the member's accumulated contributions allocable to the period of such service; and
  - (B) For all other credited service as provided in paragraphs (1) and (2). No allowance shall exceed seventy-five per cent of [the] such member's average final compensation. If the allowance exceeds this limit, it shall be adjusted by reducing the annuity included in subparagraph (A), and the portion of the accumulated contributions specified in that subparagraph as may be in excess of the requirements of the reduced annuity shall be returned to the member.

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The allowance for judges under this section, together with the retirement allowance provided by the federal government for similar service, shall in no case exceed seventy-five per cent of such member's average final compensation."

SECTION 3. Section 88-251, Hawaii Revised Statutes, is amended to read as follows:

**"[§88-251] Applicability.** The following provisions of part II of this chapter shall apply to this part:

- (1) Subpart A, except the definitions provided in section 88-21, unless expressly adopted in section 88-261;
- (2) Subpart B, except sections 88-45, 88-46, 88-48, and 88-52 to 88-62;
- (3) Subpart C, except sections 88-71 to 88-78, 88-80, 88-81, 88-83 to 88-89, 88-96, [and] 88-97[;], and 88-98;
- (4) Subpart D, except sections 88-112 and 88-113; and
- (5) Subpart E, except sections 88-134 to 88-139."

SECTION 4. Section 88-273, Hawaii Revised Statutes, is amended to read as follows:

**"[§88-273] Break in service; reemployment.** (a) Any class C member who terminates service prior to accumulating ten years of credited service, excluding unused sick leave, shall cease to be a member and shall forfeit all credited service [subject to subsections (b) and (c).]; provided that:

- (1) If the former class C member becomes a member again within one calendar year from the date of termination, all service credit for previous service shall be restored. If the former class C member becomes a member again more than one calendar year after the date of termination, one month of service credit for previous service shall be restored for each month of service rendered following the return to membership.
- (2) If the former class C member becomes a class A or class B member within one calendar year from the date of termination, all class C service credit for previous service shall be restored. If the former class C member becomes a class A or class B member more than one calendar year after the date of termination, one month of class C service credit for previous service shall be restored for each month of service rendered following the return to membership.

(b) [If the former class C member becomes a member again within one calendar year from the date of termination, all service credit for previous service shall be restored. If the former class C member becomes a member again more than one calendar year after the date of termination, one year of service credit for previous service shall be restored for each year of service rendered following return to membership.] Any class C member who terminates service with a vested right and who subsequently becomes a class A, class B, or class C member shall retain all service credit for previous service and shall be credited with additional service credit for service rendered following the return to membership.

(c) Any retirant who retired under the provisions of part VII of this chapter and returns to service requiring membership in the system as a class C member shall be reenrolled as an active member, and the retirant's retirement allowance shall be suspended. At such time as the member again retires, the retirement allowance shall be the allowance to which the member was entitled under the mode of retirement selected when the member

previously retired and which was suspended; plus, for the period of service during the member's reemployment, the allowance to which the member is entitled for that service based on the mode of retirement initially selected and computed for the member's age, average final compensation, and other factors in accordance with the benefit formula of a class C member in existence at the time of the member's final retirement.

(d) Any retirant who retired under part VII and returns to service requiring membership in the system as a class A or class B member shall be reenrolled as an active member, and the retirant's retirement allowance shall be suspended. At such time as the member again retires, the retirement allowance shall be the allowance to which the member was entitled under the mode of retirement selected when the member previously retired and which was suspended; plus, for the period of service during the member's reemployment, the allowance to which the member is entitled for that service based on the mode of retirement initially selected and computed for the member's age, average final compensation, and other factors in accordance with the benefit formula of a class A or class B member in existence at the time of the member's final retirement."

SECTION 5. Section 88-282, Hawaii Revised Statutes, is amended to read as follows:

**"[§88-282] Amount of allowance.** (a) The amount of the annual normal retirement allowance payable to a retired member shall be one and one-fourth per cent of the average final compensation multiplied by the number of years of credited service.

(b) The amount of the annual early retirement allowance payable to a retired member shall be equal to the annual normal retirement allowance reduced by one-half per cent for each month the member is less than age sixty-two at retirement."

SECTION 6. Section 88-283, Hawaii Revised Statutes, is amended to read as follows:

**"[§88-283] Retirement allowance options.** A member may elect to have the member's normal [or], early, or disability retirement allowance paid under one of the following actuarially equivalent amounts:

- (1) Option A: A reduced allowance payable to the member, then upon the member's death, one-half of such allowance to the member's beneficiary designated by the member at the time of retirement, for the life of the beneficiary.
- (2) Option B: A reduced allowance payable to the member, then upon the member's death, the same allowance paid to the member's beneficiary designated by the member at the time of retirement, for the life of the beneficiary.
- (3) Option C: A reduced allowance payable to the member, and if the member dies within ten years, the same allowance paid to the member's beneficiary designated by the member at the time of retirement, for the balance of the ten-year period.
- (4) Any election of a mode of retirement shall be irrevocable."

SECTION 7. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 8. This Act shall take effect upon its approval.

(Approved May 31, 1987.)