

ACT 100

S.B. NO. 1812

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 88-59, Hawaii Revised Statutes, is amended to read as follows:

“§88-59 Acquisition of credit for previous service. Under such rules [and regulations] as the board of trustees may adopt, any member may file with the board a statement of all service as an employee or other service paid for by the State or a county rendered prior to the member's last becoming a member which is not otherwise credited to the member, for which the member claims prior service credit, and also a statement of such services for which the member claims membership service credit and for which the member agrees to have additional deductions made from the member's compensation or to make a lump sum payment as hereinafter described.

After the filing of the statement, the board shall verify the service therein claimed and determine the service credit allowable therefor. Verified prior service shall be credited forthwith. Verified membership service shall be paid for by the member in any one of the following methods, at the member's option:

- (1) By deductions from the member's compensation of twice the contribution rate provided for in section 88-45 over a period equal to the period for which membership service credit is allowable; [or]
- (2) By deductions from the member's compensation of one and one-half times the contribution rate provided for in section 88-45 over a period equal to twice the period for which membership service credit is allowable; or
- (3) By lump sum payment of contributions computed at the contribution rate provided for in section 88-45 applied to the member's monthly rate of compensation at the time of payment multiplied by the number of months for which membership service credit is allowable; provided that after July 1, 1982, this method shall not be available to any new member with [less] fewer than five years of membership service exclusive of any previous service acquired under the provisions of paragraphs (1) and (2).

The deductions from compensation or lump sum payment shall be paid to the system and shall be credited to the member's individual account and become part of the member's accumulated contributions.

Membership service credit in addition to any other service credited to the member shall be allowed the member for the period for which the deductions from compensation or lump sum payment have been made as hereinabove described.

[No post retirement contributions shall be required for any service being claimed which is prior to July 1, 1961.]

The contribution rates provided for in section 88-45 shall be reduced by one and eight-tenths per cent for any service being claimed that was rendered prior to July 1, 1961.

Any member of the legislature who reenrolls as an active member in accordance with section 88-62 and who desires to obtain membership service for a

period of service as a member of the legislature during which the member received a retirement allowance shall, in addition to complying with the provisions of this section, refund while a reenrolled active member the retirement allowance received during the period of [a] legislative service.”

SECTION 2. Section 88-96, Hawaii Revised Statutes, is amended to read as follows:

“§88-96 Rights of members separated from service. (a) Any member who ceases to be an employee and who has [less] fewer than five years of credited service shall, upon application to the board of trustees, be paid all of the member’s accumulated contributions and the member’s membership shall thereupon terminate, provided that interest shall not be credited to an individual’s account nor shall the membership continue after the fourth full year following the calendar year in which the member’s employment terminates, after which time the system, as soon thereafter as possible, shall return the member’s contributions; provided that any such member shall not be paid the member’s accumulated contributions:

- (1) If the member becomes an employee again within fifteen calendar days from the date the member ceased to be an employee; or
- (2) If, at the time the application for return of accumulated contributions is received by the board of trustees, the member has become an employee again.

(b) Any member having five or more years of credited service who ceases to be an employee shall, upon application to the board of trustees, be paid all of the member’s accumulated contributions; provided that any such member shall not be paid the member’s accumulated contributions:

- (1) If the member becomes an employee again within fifteen calendar days from the date the member ceased to be an employee; or
- (2) If, at the time the application for return of accumulated contributions is received by the board of trustees, the member has become an employee again.

If the contributions are not withdrawn by the member within four calendar years following the calendar year in which the member’s employment terminates, the member shall be deemed to have established vested benefit status and shall be eligible for the service retirement benefit in effect at the time of the member’s separation from service, payable in accordance with the provisions thereto and the contributions shall not be withdrawn by the member thereafter.

(c) In case of the death of any former member after the termination of service, the former member’s accumulated contributions shall be payable to the former member’s estate or to such person as the former member has nominated by written designation duly executed and filed with the board.

[d) After July 1, 1961, there shall be included in any payment of accumulated contributions made pursuant to this section, the sums contributed by the member to the post retirement fund.]”

SECTION 3. Section 88-132, Hawaii Revised Statutes, is amended to read as follows:

“§88-132 Service credit; payment of contributions. Every active member of the system who leaves active service of the State or any county for the purpose of entering the military service of the United States in time of war or declared national or state emergency, or is called involuntarily to active duty after June 24, 1950, shall, so long as the member remains in military service, be allowed service credit in the system to the same extent as if the member were continuously in the

active service of the State or¹ county, as the case may be, in the position which the member held immediately prior to the member's entry into military service; provided that in no event shall the allowance of service credit exceed a period of four years.

The State or county, as the case may be, in whose service the member was employed immediately prior to the member's induction into military service shall, so long as the member remains in military service, pay all contributions to the pension accumulation fund[, post retirement fund,] and to the annuity savings fund, and any other payment to the system, which would otherwise be payable to the system by the State, the county, or the member if the member were continuously in the active service of the State or county, as the case may be, so long as the member remains continuously in military service, but in no event shall payment be made for more than four years. This section shall apply only to members who return to state or county government service within ninety days of release from active duty under honorable conditions."

SECTION 4. Section 88-271, Hawaii Revised Statutes, is amended to read as follows:

"[~~§~~88-271] Election. (a) Any class A or class B member who:

- (1) Is in service on June 30, 1984, or who returns to service after June 30, 1984, and has vested benefit status as provided in section 88-96(b); and
- (2) Is in a position covered by Title II of the Social Security Act, may elect to become a class C member effective January 1, 1985, or upon return to service, by filing an election form with the board.

The election shall be made prior to December 1, 1984, or within thirty days of return to service and shall be irrevocable. A class A or class B member who makes such an election shall be refunded all accumulated [and post retirement] contributions and shall not be required to make further contributions upon becoming a class C member. The refund shall be made by March 31, 1985, or within ninety days after return to service. Upon the effective date of the election, all rights as a class A or class B member shall be extinguished.

(b) A class A or class B member, who returns to service but does not have vested benefit status as provided in section 88-96(b), shall become a class C member upon return to service and shall be refunded all accumulated [and post retirement] contributions.

(c) The board shall provide information explaining the effects of the election described in subsection (a)."

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 1989.

(Approved May 19, 1989.)

Note

1. So in original.