

ACT 265

S.B NO. 2369

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

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

SECTION 1. Chapter 88, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§88- Withdrawal of contributions and transfer to the noncontributory plan. (a) Notwithstanding any other provisions of this chapter to the contrary, a member who is in a position covered by Title II of the Social Security Act may apply to the system for a one-time withdrawal of the member's contributions in the event of economic hardship.

(b) Upon approval of the member's election, all rights as a class A member shall be extinguished and the member shall:

- (1) Become a class C member;
- (2) Be refunded the member's contributions; and

(3) Not be required to make any further contributions.

(c) The system shall administer this section and shall:

(1) Prescribe the verification needed for the withdrawal election authorized under this section;

(2) Provide the member with information explaining the effects of the election;

(3) Review the facts and make a case-by-case determination; and

(4) Notify the member in writing of the approval of the withdrawal or the disapproval and the reasons for the disapproval.

(d) For the purposes of this section, "economic hardship" means a financial hardship resulting from any of the following conditions that cannot be satisfied by other resources, including:

(1) A sudden and unexpected illness or accident of the member or the member's dependent;

(2) The loss of the member's property due to a casualty; or

(3) Any other extraordinary and unforeseeable circumstance arising as a result of events beyond the member's control."

SECTION 2. 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 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) After June 30, 1984, 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 contributions.

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

(d) (c) Any water safety officer who is in service on July 1, 1994, may elect to become a class C member by filing an election form with the board. The election shall be made prior to September 1, 1994, and shall be irrevocable. The accumulated contributions of a water safety officer who makes this election shall be returned to the water safety officer through payroll adjustments or another procedure as determined by the board. Upon the effective date of the election, all rights as a class A member shall be extinguished. All persons first employed as a water safety officer after July 1, 1994, shall be class C members.

(d) Any class A member who elects and is approved to withdraw the member's contributions may become a class C member in accordance with section 88- . Upon approval of the election:¹

(1) All rights as a class A member shall be extinguished;

(2) The member's accumulated contributions shall be refunded; and

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(3) The member shall not be required to make further contributions to the system.

This election shall be irrevocable.

(e) The system shall provide information explaining the effects of any election made under subsection (a), (c), or (d).''

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.²

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

(Approved June 20, 2000.)

Notes

1. Colon should be underscored.
2. Edited pursuant to HRS §23G-16.5.