

ACT 101

H.B. NO. 564

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 88-281, Hawaii Revised Statutes, is amended to read as follows:

~~“§88-281 [Eligibility for retirement allowance.] Service retirement.~~ (a) A member who has ten years of credited service and has attained age sixty-two, or a member with thirty years credited service who has attained the age of fifty-five, shall

become eligible to receive a ~~[normal]~~ retirement allowance after the member has terminated service.

(b) If a member has at least twenty-five years of credited service as a sewer worker or as a water safety officer, of which the last five or more years prior to retirement is credited in such a capacity, then the sewer worker or water safety officer shall be eligible to receive a ~~[normal]~~ retirement benefit unreduced for age[-] after the member has terminated service.

(c) A member who has twenty years of credited service and has attained age fifty-five shall be eligible to receive an early retirement allowance reduced for age after the member has terminated service.

(d) A member who has ten years of credited service and terminates service prior to attaining age sixty-two shall have a vested right and shall be eligible to ~~[apply for]~~ receive a [normal] retirement allowance [payable beginning with the month] when the member has attained age sixty-five.

(e) A member may retire upon the written application to the board specifying the desired date of retirement, which shall be not less than thirty days nor more than ninety days subsequent to the date of filing. If the member dies after the date of filing the application to retire, but prior to the effective date of retirement, the member's designated beneficiary may receive the member's retirement benefits, which shall be computed as though the member had died on the effective date of retirement under the mode of retirement selected."

SECTION 2. Section 88-282, Hawaii Revised Statutes, is amended to read as follows:

"§88-282 [Amount of] Service retirement 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.]~~ Upon retirement from service, a member shall receive a retirement allowance as follows:

- (1) If the member has met the requirements in section 88-281(a), (b), or (d) a maximum retirement allowance of one and one-fourth per cent of the average final compensation multiplied by the number of years of credited service; or
- (2) If the member has met the requirements in section 88-281(c), an early retirement allowance equal to the maximum retirement allowance reduced by one-half per cent for each month the member is less than age sixty-two at retirement."

SECTION 3. Section 88-283, Hawaii Revised Statutes, is amended to read as follows:

"§88-283 Retirement allowance options. (a) [A] In lieu of the maximum retirement allowance described in sections 88-282, 88-284, and 88-285, a member may elect to [have] receive the member's [normal, early, or disability] retirement allowance [paid] under one of the [following] options described below, which shall be actuarially equivalent [amounts:] to the maximum retirement allowance:

- (1) Option A: A reduced allowance payable to the member, then upon the member's death, one-half of the allowance, including fifty per cent of all cumulative post retirement allowances, 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, including cumulative post retirement allowances, paid to the member's beneficiary designated by the member at the time of retirement, for the life of the beneficiary; or
 - (3) Option C: A reduced allowance payable to the member, and if the member dies within ten years of retirement, the same allowance, including cumulative post retirement allowances, paid to the member's beneficiary for the balance of the ten-year period.
- (b) Any election of a mode of retirement shall be irrevocable."

SECTION 4. Section 88-284, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) A member who is determined to be permanently incapacitated for the further performance of duty pursuant to subsection (a) and eligible to receive an ordinary disability retirement allowance shall receive [an ordinary disability] a maximum retirement allowance [equal to the member's accrued normal retirement allowance] of one and one-fourth per cent of the average final compensation multiplied by the number of years of credited service un-reduced for age.”

SECTION 5. Section 88-285, Hawaii Revised Statutes, is amended to read as follows:

“~~[H]§88-285[H]~~ **Service connected disability[-] retirement.** A member who would be eligible to receive a service connected disability retirement allowance pursuant to section 88-79 shall receive a maximum retirement allowance [equal to the member's accrued normal retirement allowance] of one and one-fourth per cent of the average final compensation multiplied by the number of years of credited service un-reduced for age, but not less than fifteen per cent of average final compensation.”

SECTION 6. Section 88-286, Hawaii Revised Statutes, is amended by amending subsections (b) and (c) to read as follows:

- “(b) In the case of ordinary death, the death benefit shall be as follows:
- (1) For the surviving spouse or reciprocal beneficiary, an allowance equal to one-half of the member's accrued [~~normal~~] maximum retirement allowance un-reduced for age, payable until remarriage, marriage, or entry into a new reciprocal beneficiary relationship[{}],[{}] as if the member had retired the day prior to death; and for each dependent child an allowance equal to ten per cent of the member's accrued [~~normal~~] maximum retirement allowance un-reduced for age, payable until the dependent child attains age eighteen; provided that the aggregate death benefits for all the dependent children shall not exceed twenty per cent of the member's accrued [~~normal~~] retirement allowance un-reduced for age; or
 - (2) For the surviving spouse [{}] or reciprocal beneficiary[{}], if the member was eligible for retirement at the time of death in service, and death occurred after June 30, 1990, an allowance that would have been payable as if the member had retired the day prior to death and had elected to receive a retirement allowance under option B of section 88-283; and
 - (3) If there is no surviving spouse or reciprocal beneficiary, each dependent child shall receive an allowance equal to twenty per cent of the

member's accrued [~~normal~~] maximum retirement allowance unreduced for age, payable until the dependent child attains age eighteen; provided that the aggregate death benefits for all the dependent children shall not exceed forty per cent of the member's accrued [~~normal~~] maximum retirement allowance unreduced for age.

For the purpose of determining eligibility for the ordinary death benefit, a year round school employee shall be considered in service during the July and August preceding a transfer to a traditional school schedule if the employee was in service for the entire prior school year and has a contract for the upcoming traditional school year.

- (c) In the case of accidental death, the death benefit shall be as follows:
- (1) For the surviving spouse[;] or reciprocal beneficiary, an allowance equal to thirty per cent of the member's average final compensation, payable until remarriage[;], marriage, or upon entry into a new reciprocal beneficiary relationship;
 - (2) If there is a surviving spouse or reciprocal beneficiary, each dependent child under eighteen shall receive an allowance equal to the greater of:
 - (A) Ten per cent of the member's accrued [~~normal~~] maximum retirement allowance[;] unreduced for age; provided that the aggregate death benefits for all the dependent children shall not exceed twenty per cent of the member's accrued [~~normal~~] maximum retirement allowance unreduced for age; or
 - (B) Three per cent of the member's average final compensation; provided that the aggregate death benefits for all the dependent children shall not exceed six per cent of the member's average final compensation.

The death benefit under this paragraph shall be payable to each dependent child until the dependent child attains age eighteen; and

- (3) If there is no surviving spouse or reciprocal beneficiary, each dependent child under age eighteen shall receive an allowance equal to the greater of:
 - (A) Twenty per cent of the member's accrued [~~normal~~] maximum retirement allowance[;] unreduced for age; provided that the aggregate death benefits for all the dependent children shall not exceed forty per cent of the member's accrued [~~normal~~] maximum retirement allowance unreduced for age; or
 - (B) Six per cent of the member's average final compensation; provided that the aggregate death benefits for all the dependent children shall not exceed twelve per cent of the member's average final compensation.

The death benefit under this paragraph shall be payable to each dependent child until the dependent child attains age eighteen.”

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

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

(Approved May 18, 2001.)