

ACT 61

S.B. NO. 1039

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 88-98, Hawaii Revised Statutes, is amended to read as follows:

“§88-98 Return to service of a retiree. Any retiree who returns to employment requiring active membership shall be reenrolled as an active member of the system in the same class from which the retiree originally retired and the retiree's retirement allowance shall be suspended.

- (1) If the retiree returns to service before July 1, 1998, and again retires, the retiree's retirement allowance shall consist of:
 - (A) For members with fewer than three years of credited service during the member's period of reemployment, 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 in existence at the time of the member's latest retirement; or
 - (B) For members with three or more years of credited service during the member's period of reemployment, the allowance computed as if the member were retiring for the first time; provided that in no event shall the allowance be less than the amount determined in accordance with subparagraph (A); [and]
- (2) If the retiree returns to service after June 30, 1998, and again retires, the retiree's retirement allowance shall be computed in accordance with paragraph (1)(A), regardless of the number of years of service in the reemployment period[.] and
- (3) Any retiree who received the special retirement incentive benefit under Act 253, Session Laws of Hawaii 2000, and is reemployed by the State or a county in any capacity shall:
 - (A) Have the retiree's retirement allowance suspended;

- (B) Forfeit the special retirement incentive benefit and any related benefit provided by chapter 88; and
- (C) Be subject to the age and service requirements under section 88-73 when the member again retires.

The board of trustees shall adopt such rules as may be required to administer the purposes of this section.”

SECTION 2. 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; 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) 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.

(e) Any retirant who received the special retirement incentive benefit under Act 253, Session Laws of Hawaii 2000, and is reemployed by the State or a county in any capacity shall:

- (1) Have the retirant's retirement allowance suspended;
- (2) Forfeit the special retirement incentive benefit and any other related benefit provided by chapter 88; and
- (3) Be subject to the age and service requirements under section 88-281 when the member again retires.”

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

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

(Approved April 26, 2001.)