

ACT 86

H.B. NO. 1007

A Bill for an Act Relating to Adding the Roth Option for the Deferred Compensation Plan.

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

SECTION 1. The purpose of this Act is to allow participants to deposit money in the deferred compensation plan on an after-tax basis in addition to a pre-tax basis; thereby affording them the opportunity for tax diversification.

SECTION 2. Section 88E-12, Hawaii Revised Statutes, is amended to read as follows:

**“§88E-12** **Deferred amounts as compensation.** Any compensation deferred pursuant to a plan established under this chapter shall be deemed regular compensation for the purpose of computing contributions or benefits under existing retirement, pension, or social security systems applicable to participating employees ~~[but shall not be included in the computation of federal income taxes withheld on behalf of any participating employee.];~~ provided that, at the participating employee's option, all or part of the deferred compensation may be included or excluded in the computation of federal income taxes withheld on behalf of the participating employee, allowing for both a traditional contribution and a Roth contribution under section 457(b) of the Internal Revenue Code, as amended.”

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 Statutory material to be repealed is bracketed and stricken.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

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

(Approved June 7, 2019.)