

TESTIMONY BY KANOE MARGOL
INTERIM EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
HOUSE BILL NO. 85

FEBRUARY 10, 2015, 9:00 A.M.

RELATING TO DISABILITY RETIREMENT

Chair Nakashima, Vice Chair Keohokalole and Members of the Committee,

H.B. 85, proposes to amend sections 88-75, 88-79, 88-284, 88-334, and 88-336, Hawaii Revised Statutes, to allow retirants receiving service retirement benefits to retroactively claim for ordinary and/or service-connected disability retirement for up to two years after their retirement.

Currently, a member (with 10 years of service) may file for ordinary disability retirement, or for service-connected disability retirement (without a minimum number of years of service), at the time the member files for service retirement. They may file for all three applications if they choose to do so. If disability and service retirement applications are filed prior to retirement, retirants may receive service retirement benefits while their disability applications are being processed, and will be retroactively adjusted upon approval of the application.

H.B. 85 proposes the following:

- It allows retirants to file for ordinary disability retirement. The current requirement is that a member be "in service" or "on leave without pay."
- It allows applicants to file for service-connected disability within two years from the date of retirement. The current statutes require that the application for service-connected disability be filed within two years of the later of: (1) the date of the accident; or (2) when workers' compensation benefits cease.

The Administrative and Legislative Committee of the Board of Trustees of the Employees' Retirement System (ERS) recommends opposition to this proposal as it provides benefit enhancements, and would therefore violate section 88-99, HRS, which places a moratorium on any benefit enhancements until the actuarial value of the ERS' assets are 100% of its accrued liability – or until the ERS is fully funded.

ERS staff also has technical and operational concerns with respect to this bill.

Thank you for the opportunity to testify on this important measure.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Eighth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association
February 10, 2015

H.B. 85 – RELATING TO DISABILITY RETIREMENT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 85, which provides additional flexibility for Employees Retirement System (ERS) members with ten (10) or more years of service, to apply for ordinary and service-connected disability retirements within two years of their retirement.

These individuals deserve such flexibility because they must be permanently disabled either mentally or physically, and such disability must be confirmed by the ERS Medical Board. Employees who have rendered valuable service to the public deserve such assistance and compassion from the employer. For these reasons, we support H.B. 85.

Thank you for the opportunity to testify in support of this legislation.

Respectfully submitted,

Randy Perreira
Executive Director