
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 88-105, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) At least once in each five-year period, commencing
4 with fiscal year 1994-1995, the actuary shall make an actuarial
5 investigation of the experience of the system and shall
6 recommend to the board of trustees the adoption for actuarial
7 valuation of the system of such mortality, service, and other
8 tables as shall be deemed appropriate and necessary, and the
9 actuary shall recommend to the legislature for its adoption the
10 investment yield rate [~~and annual salary increase assumption~~].
11 The actuary shall further recommend the acceptable funded ratio
12 for the system, taking into consideration the guaranties of
13 article XVI, section 2 of the state constitution, section 88-
14 107, and section 88-127."

15 SECTION 2. Section 88-122, Hawaii Revised Statutes, is
16 amended as follows:

17 1. By amending subsection (b) to read:



1 "(b) The actuarial valuations made for years after June
2 30, 1999, shall be based on an eight per cent investment yield
3 rate, [assumed] salary [~~increases of four per cent,~~] increase
4 assumptions adopted by the board on the recommendation of the
5 actuary appointed under section 88-29, and tables, contribution
6 rates, and factors adopted by the board or legislature for
7 actuarial valuations of the system, subject to recommendations
8 made by the actuary appointed under section 88-29."

9 2. By amending subsection (e) to read:

10 "(e) Commencing with fiscal year 2005-2006 and each
11 subsequent fiscal year, the employer contributions for normal
12 cost and accrued liability for each of the two groups of
13 employees in subsection (a) shall be based on fifteen and three-
14 fourths per cent of the member's compensation for police
15 officers, firefighters, and corrections officers and thirteen
16 and three-fourths per cent of the member's compensation for all
17 other employees. Commencing with fiscal year 2008-2009 and each
18 subsequent fiscal year, the employer contributions for normal
19 cost and accrued liability for each of the two groups of
20 employees in subsection (a) shall be based on nineteen and
21 seven-tenths per cent of the member's compensation for police
22 officers, firefighters, and corrections officers and fifteen per



1 cent of the member's compensation for all other employees. The
 2 contribution rates shall amortize the total unfunded accrued
 3 liability of the entire plan over a period not to exceed thirty
 4 years. There shall be no benefit enhancements under this
 5 chapter for any group of members, including any reduction of
 6 retirement age, when there is an unfunded accrued liability.

7 The contribution rates shall be subject to adjustment:

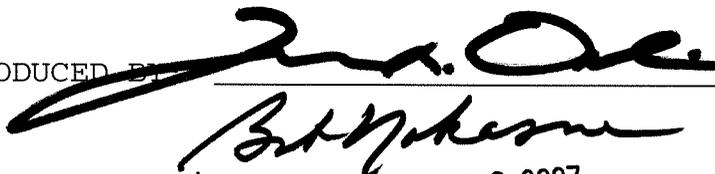
- 8 (1) If the actual period required to amortize the unfunded
 9 accrued liability exceeds thirty years;
- 10 (2) If [~~the actual period required to amortize the~~
 11 ~~unfunded accrued liability falls below the established~~
 12 ~~benchmark funding period of twenty five years,~~] there
 13 is no unfunded accrued liability; or
- 14 (3) Based on the actuarial investigation conducted in
 15 accordance with section 88-105."

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

18 SECTION 4. This Act shall take effect on July 1, 2007.

19

INTRODUCED BY



JAN 23 2007



Report Title:

Employees' Retirement System

Description:

Makes adjustments to the Employees' Retirement System.

