
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. The purpose of this Act is to allow police
2 officers from the four county police departments to receive a
3 maximum retirement allowance that shall not exceed one hundred
4 per cent of their average final compensation.

5 SECTION 2. Section 88-74, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§88-74 Allowance on service retirement.** Upon retirement
8 from service, a member shall receive a maximum retirement
9 allowance as follows:

10 (1) If the member has attained age fifty-five, a
11 retirement allowance of two per cent of the member's
12 average final compensation multiplied by the total
13 number of years of the member's credited service as a
14 class A and B member, excluding any credited service
15 as a judge, elective officer, or legislative officer,
16 plus a retirement allowance of one and one-fourth per
17 cent of the member's average final compensation
18 multiplied by the total number of years of prior



1 credited service as a class C member, plus a
2 retirement allowance of two per cent of the member's
3 average final compensation multiplied by the total
4 number of years of prior credited service as a class H
5 member; provided that:

6 (A) After June 30, 1968, if the member has at least
7 ten years of credited service of which the last
8 five or more years prior to retirement is
9 credited service as a firefighter, police
10 officer, or an investigator of the department of
11 the prosecuting attorney;

12 (B) After June 30, 1977, if the member has at least
13 ten years of credited service of which the last
14 five or more years prior to retirement is
15 credited service as a corrections officer;

16 (C) After June 16, 1981, if the member has at least
17 ten years of credited service of which the last
18 five or more years prior to retirement is
19 credited service as an investigator of the
20 department of the attorney general;

21 (D) After June 30, 1989, if the member has at least
22 ten years of credited service of which the last



- 1 five or more years prior to retirement is
- 2 credited service as a narcotics enforcement
- 3 investigator;
- 4 (E) After December 31, 1993, if the member has at
- 5 least ten years of credited service of which the
- 6 last five or more years prior to retirement is
- 7 credited service as a water safety officer;
- 8 (F) After June 30, 1994, if the member has at least
- 9 ten years of credited service, of which the last
- 10 five or more years prior to retirement are
- 11 credited service as a public safety
- 12 investigations staff investigator;
- 13 (G) After June 30, 2002, if the member:
- 14 (i) Has at least ten years of credited service
- 15 as a firefighter;
- 16 (ii) Is deemed permanently medically disqualified
- 17 due to a service related disability to be a
- 18 firefighter by the employer's physician; and
- 19 (iii) Continues employment in a class A or B
- 20 position other than a firefighter; and
- 21 (H) After June 30, 2004, if the member:

1 (i) Has at least ten years of credited service
2 as a police officer;

3 (ii) Is deemed permanently medically disqualified
4 due to a service related disability to be a
5 police officer by the employer's physician;
6 and

7 (iii) Continues employment in a class A or B
8 position other than a police officer;

9 then for each year of service as a firefighter, police
10 officer, corrections officer, investigator of the
11 department of the prosecuting attorney, investigator
12 of the department of the attorney general, narcotics
13 enforcement investigator, water safety officer, or
14 public safety investigations staff investigator, the
15 retirement allowance shall be two and one-half per
16 cent of the member's average final compensation. The
17 maximum retirement allowance for those members shall
18 not exceed eighty per cent of the member's average
19 final compensation~~[=]~~; provided that for police
20 officers, the maximum retirement allowance shall not
21 exceed one hundred per cent of the member's average
22 final compensation. If the member has not attained



1 age fifty-five, the member's retirement allowance
2 shall be computed as though the member had attained
3 age fifty-five, reduced in accordance with factors of
4 actuarial equivalence adopted by the board upon the
5 advice of the actuary; provided that no reduction
6 shall be made if the member has at least twenty-five
7 years of credited service as a firefighter, police
8 officer, corrections officer, investigator of the
9 department of the prosecuting attorney, investigator
10 of the department of the attorney general, narcotics
11 enforcement investigator, public safety investigations
12 staff investigator, sewer worker, or water safety
13 officer, of which the last five or more years prior to
14 retirement is credited service in such capacities;

15 (2) If the member has made voluntary additional
16 contributions for the purchase of an additional
17 annuity and has not applied for a refund as permitted
18 by section 88-72, the member may accept the refund at
19 the time of retirement or, in lieu thereof, receive in
20 addition to the retirement allowance provided in
21 paragraph (1), an annuity that is the actuarial



1 equivalent of the additional contributions with
2 regular interest;

3 (3) If the member has credited service as a judge, the
4 member's retirement allowance shall be computed on the
5 following basis:

6 (A) For a member who has credited service as a judge
7 before July 1, 1999, irrespective of age, for
8 each year of credited service as a judge, three
9 and one-half per cent of the member's average
10 final compensation in addition to an annuity that
11 is the actuarial equivalent of the member's
12 accumulated contributions allocable to the period
13 of such service; and

14 (B) For a member who first earned credited service as
15 a judge after June 30, 1999, for each year of
16 credited service as a judge, three and one-half
17 per cent of the member's average final
18 compensation in addition to an annuity that is
19 the actuarial equivalent of the member's
20 accumulated contributions allocable to the period
21 of such service. If the member has not attained
22 age fifty-five, the member's retirement allowance



1 shall be computed as though the member had
2 attained age fifty-five, reduced in accordance
3 with factors of actuarial equivalence adopted by
4 the board upon the advice of the actuary; or
5 (C) For a judge with other credited service, as
6 provided in paragraphs (1) and (2). If the
7 member has not attained age fifty-five, the
8 member's retirement allowance shall be computed
9 as though the member had attained age fifty-five,
10 reduced in accordance with factors of actuarial
11 equivalence adopted by the board upon the advice
12 of the actuary; or
13 (D) For a judge with credited service as an elective
14 officer or as a legislative officer, as provided
15 in paragraph (4).

16 No allowance shall exceed seventy-five per cent of the
17 member's average final compensation. If the allowance
18 exceeds this limit, it shall be adjusted by reducing
19 the annuity included in subparagraphs (A) and (B) and
20 the portion of the accumulated contributions specified
21 in the subparagraphs in excess of the requirements of
22 the reduced annuity shall be returned to the member.



1 The allowance for judges under this paragraph,
2 together with the retirement allowance provided by the
3 federal government for similar service, shall in no
4 case exceed seventy-five per cent of the member's
5 average final compensation; or

6 (4) If the member has credited service as an elective
7 officer or as a legislative officer, the member's
8 retirement allowance shall be derived by adding the
9 allowances computed separately under subparagraphs
10 (A), (B), (C), and (D) as follows:

11 (A) Irrespective of age, for each year of credited
12 service as an elective officer, three and
13 one-half per cent of the member's average final
14 compensation as computed under section
15 88-81(e)(1), in addition to an annuity that is
16 the actuarial equivalent of the member's
17 accumulated contributions allocable to the period
18 of service; and

19 (B) Irrespective of age, for each year of credited
20 service as a legislative officer, three and
21 one-half per cent of the member's average final
22 compensation as computed under section



1 88-81(e)(2), in addition to an annuity that is
2 the actuarial equivalent of the member's
3 accumulated contributions allocable to the period
4 of service;

5 (C) If the member has credited service as a judge,
6 the member's retirement allowance shall be
7 computed on the following basis:

8 (i) For a member who has credited service as a
9 judge before July 1, 1999, irrespective of
10 age, for each year of credited service as a
11 judge, three and one-half per cent of the
12 member's average final compensation as
13 computed under section 88-81(e)(3), in
14 addition to an annuity that is the actuarial
15 equivalent of the member's accumulated
16 contributions allocable to the period of
17 such service; and

18 (ii) For a member who first earned credited
19 service as a judge after June 30, 1999, and
20 has attained the age of fifty-five, for each
21 year of credited service as a judge, three
22 and one-half per cent of the member's



1 average final compensation as computed under
2 section 88-81(e)(3), in addition to an
3 annuity that is the actuarial equivalent of
4 the member's accumulated contributions
5 allocable to the period of such service. If
6 the member has not attained age fifty-five,
7 the member's retirement allowance shall be
8 computed as though the member had attained
9 age fifty-five, reduced in accordance with
10 factors of actuarial equivalence adopted by
11 the board upon the advice of the actuary;
12 and

13 (D) For each year of credited service not included in
14 subparagraph (A), (B), or (C), the average final
15 compensation as computed under section
16 88-81(e)(4) shall be multiplied by two per cent
17 for credited service earned as a class A or class
18 H member, two and one-half per cent for credited
19 service earned as a class B member, and one and
20 one-quarter per cent for credited service earned
21 as a class C member. If the member has not
22 attained age fifty-five, the member's retirement



1 allowance shall be computed as though the member
2 had attained age fifty-five, reduced in
3 accordance with factors of actuarial equivalence
4 adopted by the board upon the advice of the
5 actuary.

6 The total retirement allowance shall not exceed
7 seventy-five per cent of the member's highest average
8 final compensation calculated under section
9 88-81(e)(1), (2), (3), or (4). If the allowance
10 exceeds this limit, it shall be adjusted by reducing
11 any annuity accrued under subparagraphs (A), (B), and
12 (C) and the portion of the accumulated contributions
13 specified in these subparagraphs in excess of the
14 requirements of the reduced annuity shall be returned
15 to the member. If a member has service credit as an
16 elective officer or as a legislative officer in
17 addition to service credit as a judge, then the
18 retirement benefit calculation contained in this
19 paragraph shall supersede the formula contained in
20 paragraph (3). "



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

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



Report Title:

Employees' Retirement System

Description:

Allows police officers to receive a maximum retirement allowance that shall not exceed 100% of their average final compensation.

(HB1817 HD1)

