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## 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 88-83, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) Upon retirement, any member may elect to receive the  
4 maximum retirement allowance to which the member is entitled  
5 computed in accordance with section 88-74, 88-76, or 88-80, and  
6 in the event of the member's death, there shall be paid to the  
7 member's beneficiary, otherwise to the member's estate, the  
8 difference between the balance of the member's accumulated  
9 contributions at the time of the member's retirement and the  
10 retirement allowance paid or payable to the member prior to  
11 death.

12           In lieu of this maximum allowance, the member may elect to  
13 receive the member's retirement allowance under any one of the  
14 optional plans described below, which shall be actuarially  
15 equivalent to the maximum allowance.

16           Option 1: The member may elect to receive a lesser  
17 retirement allowance during the member's lifetime. At the



1 member's retirement, there shall be established an amount of  
2 initial insurance that shall be computed on the basis of  
3 actuarial factors adopted by the board. Upon the death of the  
4 retirant, any balance remaining in the initial insurance  
5 reserve, after deducting the retirement allowance paid to the  
6 retirant prior to death, shall be paid to the retirant's  
7 beneficiary, otherwise to the retirant's estate. In lieu of the  
8 lump sum balance, the beneficiary may elect to receive an  
9 allowance for life based on the value of the balance; provided  
10 that the allowance is not less than \$100 per month.

11 Option 2: The member may elect to receive a lesser  
12 retirement allowance during the member's lifetime and have those  
13 allowances, including cumulative post retirement allowances, if  
14 applicable, continued after the member's death to the member's  
15 beneficiary designated at the time of the member's retirement,  
16 for the life of the beneficiary. If the beneficiary dies prior  
17 to the retirant, all further payments shall cease upon the death  
18 of the retirant; provided that [~~for members retiring after~~  
19 ~~November 30, 2004,~~] if the retirant's beneficiary dies at any  
20 time after the retirant retired, but before the death of the  
21 retirant, the retirant, upon the death of the retirant's  
22 beneficiary, shall receive a retirement allowance, including



1 cumulative post retirement allowances, calculated as if the  
2 retirant had selected the maximum retirement allowance to which  
3 the member is entitled. Only one beneficiary shall be  
4 designated under this option. The beneficiary designated under  
5 this option shall be a natural person, and benefits under this  
6 option shall only be paid to a natural person.

7       Option 3: The member may elect to receive a lesser  
8 retirement allowance during the member's lifetime and have one-  
9 half of the allowance, including fifty per cent of all  
10 cumulative post retirement allowances, if applicable, continued  
11 after the member's death to the member's beneficiary designated  
12 at the time of the member's retirement, for the life of the  
13 beneficiary. If the beneficiary dies prior to the retirant, all  
14 further payments shall cease upon the death of the retirant;  
15 provided that [~~for members retiring after November 30, 2004,~~] if  
16 the retirant's beneficiary dies at any time after the retirant  
17 retired, but before the death of the retirant, the retirant,  
18 upon the death of the retirant's beneficiary, shall receive a  
19 retirement allowance, including cumulative post retirement  
20 allowances, calculated as if the retirant had selected the  
21 maximum retirement allowance to which the member is entitled.  
22 Only one beneficiary shall be designated under this option. The



1 beneficiary designated under this option shall be a natural  
2 person, and benefits under this option shall only be paid to a  
3 natural person.

4       Option 4: The member may elect to receive a lesser  
5 retirement allowance during the member's lifetime and provide  
6 some other benefit to the member's beneficiary in accordance  
7 with the member's own specification; provided that this election  
8 shall be certified by the actuary to be the actuarial equivalent  
9 of the member's retirement allowance and shall be approved by  
10 the board.

11       Option 5: The member may elect to receive the balance of  
12 the member's accumulated contributions at the time of retirement  
13 in a lump sum and, during the member's lifetime, a retirement  
14 allowance equal to the maximum retirement allowance reduced by  
15 the actuarial equivalent of these contributions. Upon the death  
16 of the retirant, all further payments shall cease. Only a  
17 member retiring from service having at least ten years of  
18 credited service or for disability may elect this retirement  
19 option.

20       To receive benefits, the beneficiary must have been  
21 designated by the member in the form and manner prescribed by  
22 the board."



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

3 SECTION 3. This Act shall take effect upon its approval  
4 and shall apply to retirants who retired prior to November 30,  
5 2004; provided that any election to amend a pension payment  
6 option made by a retirant pursuant to this Act shall be applied  
7 prospectively from the effective date of this Act or the date of  
8 the retirant's election to amend the retirant's pension payment  
9 option, whichever is later, and shall not entitle the retirant  
10 to claim any pension adjustment authorized under this Act  
11 against the employees' retirement system for the time period  
12 occurring between the date the retirant's beneficiary died and  
13 the effective date of this Act, or the date of the retirant's  
14 election to amend the retirant's pension payment option,  
15 whichever is later.

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INTRODUCED BY:

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*[Handwritten signatures: M. De...]*  
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**Report Title:**

Employees' Retirement System; Pension Benefit Options

**Description:**

Allows all employees' retirement system retirants to change their pension payment option if the retirant's beneficiary dies before the retirant.

