

JAN 17 2007

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.

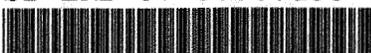
12 In lieu of this maximum allowance, the member may elect to
13 receive the member's retirement allowance under any one of the
14 optional plans described below, which shall be actuarially
15 equivalent to the maximum allowance.

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 retiree, 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."



S.B. NO. 10

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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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.

