STAND. COM. REP. NO. SID -08

Honolulu, Hawaii **Fc 915**, 2008 RE: H.B. No. 3144 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 3144 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE OF HAWAII DEFERRED COMPENSATION PLAN,"

begs leave to report as follows:

The purpose of this bill is to assist employees in financially providing for their future by automatically enrolling newly hired employees into the State's Deferred Compensation Plan (Deferred Comp) unless the employee elects not to enroll in the program.

The Department of Human Resources Development and Board of Trustees for the State of Hawaii Deferred Compensation Plan (Board) supported this bill. The Department of Human Resources of the County of Hawaii supported the intent of this measure.

Industry experts and financial consultants believe that relying on retirement income solely from an employee's pension plan and social security payments will not be sufficient to keep up with rising inflation costs. Subsequently, the State, along with the counties of Maui, Kauai, and Hawaii, implemented Deferred Comp as an option for their employees to supplement their retirement income. Deferred Comp is a system that allows employees to contribute a part of their compensation on a tax-deferred basis. These funds can than be drawn upon when the retired employee needs them.



While saving funds in Deferred Comp is an important step in preparing for retirement, the fact of the matter is that many new employees do not consider the issue of retirement since it is often viewed as something that is in the distant future and enrollment is currently low. Making Deferred Comp mandatory for all new employees will help them prepare for their future.

However, your Committee understands the concerns raised by the Department of Human Resources of the County of Hawaii regarding the authority granted the Board under this bill that allows the Board to triple the mandatory contribution amount without consultation. Accordingly, your Committee has amended this bill by removing the provision allowing the Board to increase the mandatory payroll deduction from 1 percent to a maximum of 3 percent.

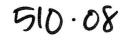
Other technical, nonsubstantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3144, H.D. 1, and be referred to the Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Labor & Public Employment,

ALEX M. SONSON, Chair





## Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: Committee HB 3144 LAB,	e Referral: Date: FIN 6211208			
<ul> <li>The committee is reconsidering its previous decision on the measure.</li> </ul>				
The recommendation is to: <ul> <li>Pass, unamended (as is)</li> <li>Pass, with amendments (HD)</li> <li>Hold</li> <li>Pass short form bill with HD to recommit for future public hearing (recommit)</li> </ul>				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	Ý			
				1. 新生产的 100 miles
2. NAKASONE, Bob (VC)				×
3. EVANS, Cindy			k	
4. HAR, Sharon E.	λ			
5. LEE, Marilyn B.	v			
5. LEE, Mariiyii b.	X			
6. LUKE, Sylvia	r	x		
7. McKELVEY, Angus L.K.	×			
9 NICHIMOTO Seett V				
8. NISHIMOTO, Scott Y.		× ×		
9. SOUKI, Joseph M.	X			
10. TAKAMINE, Dwight Y.	Ý			
11. TAKUMI, Roy M.	۲ ÷			
12. MEYER, Colleen Rose	Ý			
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13. PINE, Kymberly Marcos	K			
TOTAL (13)	9	2	\	
The recommendation is:       Image: Adopted in the provided of the pro				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				