

Honolulu, Hawaii

APR 23 2010 , 2010

RE: S.B. No. 2691  
S.D. 1  
H.D. 1  
C.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2691, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE PAYMENT OF EMPLOYEES' RETIREMENT SYSTEM BENEFITS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to streamline the processing of Employees' Retirement System (ERS) pension payments by:

- (1) Requiring all retirees and beneficiaries in the state retirement system or county pension plans to be paid on a monthly, rather than semi-monthly, basis effective March 1, 2011;
- (2) Requiring all retirees and beneficiaries in the state retirement system to designate a financial-institution



account into which the ERS is authorized to deposit their state retirement benefits effective March 1, 2011; and

- (3) Directing ERS to adjust the dates on which the semi-monthly payments in January 2011 and February 2011 are made to facilitate the semi-monthly to monthly transition.

Your Committee on Conference finds that requiring direct deposit for payment of benefits for retirees and beneficiaries will streamline the processing of payments and will provide cost savings to the State in the form of reduced postage, check printing and imaging costs, and bank fees. The Employees' Retirement System estimates that requiring direct deposit would save approximately \$32,000 each year. Your Committee on Conference also finds that an even greater costs savings can be achieved through the implementation of retirees and beneficiaries receiving their pension payment on a monthly basis, rather than semi-monthly. The costs savings resulting from these changes could then be used toward increasing ERS' investment earnings.

Your Committee on Conference further finds that, under the short time constraints imposed by this measure, certain retirees or beneficiaries may find it to be an economic hardship or particularly difficult to comply with the requirements in this measure. Thus, your Committee on Conference has exempted certain retirees and beneficiaries from the pension payment changes in this measure and has also lengthened the transition and implementation period from two months to six months for all retirees and beneficiaries of the state retirement system.

Your Committee on Conference has amended this measure by:

- (1) Delaying the implementation date that certain retirees and beneficiaries will begin to receive their pension payment on a monthly basis by changing the start date from March 1, 2011, to July 1, 2011;
- (2) Adding an exception to the requirement to be paid monthly for any retiree or beneficiary who:
  - (A) Became a retiree or beneficiary prior to January 1, 2003;
  - (B) Is eighty years of age or older on January 1, 2011; and



- (C) Receives \$800 or less of pension benefits each month;
- (3) Delaying the cut-off date that all retirees and beneficiaries are required to designate a financial institution account to authorize payment by direct deposit from March 1, 2011, to April 1, 2011; and
- (4) Extending the transition period for the payment of pension benefits from semimonthly to monthly from two months to six months and for that transition period to take place from January 2011 through June 2011, rather than from January 2011 through February 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2691, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2691, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
KARL RHOADS, Co-Chair

  
DWIGHT Y. TAKAMINE, Chair

  
MARILYN B. LEE, Co-Chair

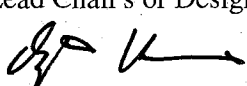
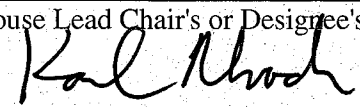
  
DONNA MERCADO KIM, Co-Chair



# Hawaii State Legislature

## Record of Votes of a Conference Committee

116-10

Bill / Concurrent Resolution No.: <b>SB/2691, SD 1, HD 1</b>					Date/Time: <b>April 22, 2010 3:15 p.m.</b>				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
TAKAMINE, Dwight Y., Chr.	✓				RHOADS, Karl, Co-Chr.	✓			
KIM, Donna Mercado, Co-Chr.	✓				LEE, Marilyn B., Co-Chr.	✓			
TANIGUCHI, Brian T.	✓				YAMASHITA, Kyle T.				✓
SLOM, Sam				✓	PINE, Kymberly Marcos	✓			
TOTAL	3	0	0	1	TOTAL	3	0	0	1
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
<div style="display: flex; justify-content: space-between;"> <div> <b>Distribution:</b>            Original            File with Conference Committee Report         </div> <div>           Yellow            House Clerk's Office         </div> <div>           Pink            Senate Clerk's Office         </div> <div>           Goldenrod            Drafting Agency         </div> </div>									