

TESTIMONY BY DAVID SHIMABUKURO
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2533

RELATING TO THE EMPLOYMENT OF
EMPLOYEES' RETIREMENT SYSTEM RETIRANTS

FEBRUARY 22, 2010

Chair Oshiro and Members of the Committee:

The Board of Trustees supports this Administration Bill as it is intended to protect the tax exempt status of the ERS by providing penalties for retirants who are reemployed in violation of chapter 88 and the Internal Revenue Code of 1986, as amended.

This Bill also provides a more comprehensive structure by including certain provisions of Act 286, Session Laws of Hawaii 2006 (retired teachers and Department of Education administrators employed in teacher shortage areas or mentors for new teachers) and Act 156, Session Laws of Hawaii 2008 (labor shortage or difficult-to-fill positions) by:

- o Establishing the conditions for reemployment of a retirant in a position that is excluded from ERS membership (e.g., temporary or part-time) by requiring a six month "retirement" provision.
- o Requiring the retirant to reimburse the ERS for any retirement allowance or other benefit paid during the reemployment if in violation of the ERS statutes, plus eight per cent annual interest.
- o Requiring the retirant and the employer to pay the employee and employer contributions that should have been paid during the reemployment if in violation of the ERS statutes, plus eight per cent annual interest.

- o Requiring the employer and retirant to reimburse the ERS for administrative expenses incurred in responding to the violation, to the extent the retirant is determined to be at fault.

Thank you for the opportunity to testify on this measure.