
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 88-74, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsection (f) to read:

4 "(f) If a member, who becomes a member after June 30,
5 2012, has attained age sixty, the member's maximum retirement
6 allowance shall be one and three-fourths per cent of the
7 member's average final compensation multiplied by the total
8 number of years of the member's credited service as a class A
9 and class B member, excluding any credited service as a judge,
10 elective officer, or legislative officer, plus a retirement
11 allowance of one and one-fourth per cent of the member's average
12 final compensation multiplied by the total number of years of
13 prior credited service as a class C member, plus a retirement
14 allowance of one and three-fourths per cent of the member's
15 average final compensation multiplied by the total number of
16 years of prior credited service as a class H member; provided
17 that:



1 (1) If the member has at least ten years of credited
2 service of which the last five or more years prior to
3 retirement is credited service as a firefighter,
4 police officer, or an investigator of the department
5 of the prosecuting attorney;

6 (2) If the member has at least ten years of credited
7 service of which the last five or more years prior to
8 retirement is credited service as a corrections
9 officer;

10 (3) If the member has at least ten years of credited
11 service of which the last five or more years prior to
12 retirement is credited service as an investigator of
13 the department of the attorney general;

14 (4) If the member has at least ten years of credited
15 service of which the last five or more years prior to
16 retirement is credited service as a narcotics
17 enforcement investigator;

18 ~~[(5) If the member has at least ten years of credited~~
19 ~~service of which the last five or more years prior to~~
20 ~~retirement is credited service as a water safety~~
21 ~~officer;~~



1 ~~(6)~~ (5) If the member has at least ten years of credited
2 service, of which the last five or more years prior to
3 retirement is credited service as a public safety
4 investigations staff investigator;

5 ~~[(7)]~~ (6) If the member:

6 (A) Has at least ten years of credited service as a
7 firefighter;

8 (B) Is deemed permanently medically disqualified due
9 to a service related disability to be a
10 firefighter by the employer's physician; and

11 (C) Continues employment in a class A or class B
12 position other than a firefighter; and

13 ~~[(8)]~~ (7) If the member:

14 (A) Has at least ten years of credited service as a
15 police officer;

16 (B) Is deemed permanently medically disqualified due
17 to a service related disability to be a police
18 officer by the employer's physician; and

19 (C) Continues employment in a class A or class B
20 position other than a police officer,

21 then for each year of service as a firefighter, police officer,
22 corrections officer, investigator of the department of the



1 prosecuting attorney, investigator of the department of the
2 attorney general, narcotics enforcement investigator, [~~water~~
3 ~~safety officer,~~] or public safety investigations staff
4 investigator, the retirement allowance shall be two and one-
5 fourth per cent of the member's average final compensation. The
6 maximum retirement allowance for those members shall not exceed
7 eighty per cent of the member's average final compensation. If
8 the member has not attained age sixty, the member's retirement
9 allowance shall be computed as though the member had attained
10 age sixty, reduced for age as provided in subsection (i)."

11 2. By amending subsection (i) to read:

12 "(i) Except as provided in subsections (f), (g), and (h),
13 if a member, who becomes a member after June 30, 2012, has not
14 attained age sixty at the date of retirement, the member's
15 retirement allowance shall be reduced, for each month the
16 member's age at the date of retirement is below age sixty, as
17 follows:

- 18 (1) 0.4166 per cent for each month below age [~~fifty-nine~~
19 sixty and above age fifty-four and eleven months; plus
20 (2) 0.3333 per cent for each month below age fifty-five
21 and above age forty-nine and eleven months; plus



1 (3) 0.2500 per cent for each month below age fifty and
2 above age forty-four and eleven months; plus

3 (4) 0.1666 per cent for each month below age forty-five;
4 provided that no reduction shall be made if the member has
5 attained the age of fifty-five and has at least twenty-five
6 years of credited service as a firefighter, police officer,
7 corrections officer, investigator of the department of the
8 prosecuting attorney, investigator of the department of the
9 attorney general, narcotics enforcement investigator, public
10 safety investigations staff investigator, sewer worker, water
11 safety officer, or emergency medical technician, of which the
12 last five or more years prior to retirement is credited service
13 in these capacities."

14 SECTION 2. Section 88-81, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By amending subsection (a) to read:

17 "(a) Average final compensation is the average annual
18 compensation, pay, or salary upon which a member has made
19 contributions as required by parts II, VII, and VIII of this
20 chapter."

21 2. By amending subsection (f) to read:



1 "(f) If a member, who becomes a member after June 30,
2 2012, has credited service rendered as an elective officer or as
3 a legislative officer, the member's average final compensation
4 shall be computed separately for each category of service as
5 follows:

6 (1) For the five highest paid years of credited service as
7 an elective officer, or if the member has fewer than
8 five years of credited service in that capacity, then
9 the member's actual years of credited service;

10 (2) For the five highest paid years of credited service as
11 a legislative officer, or if the member has fewer than
12 five years of credited service in that capacity, then
13 the member's actual years of credited service;

14 (3) For the five highest paid years of credited service as
15 a judge, or if the member has fewer than [~~three~~] five
16 years of credited service in that capacity, then the
17 member's actual years of credited service; and

18 (4) For the five highest paid years of credited service
19 not included in paragraph (1), (2), or (3), or if the
20 member has fewer than five years of credited service
21 in that capacity, then the member's actual years of
22 credited service."



SECTION 3. Section 88-335, Hawaii Revised Statutes, is amended to read as follows:

"§88-335 Ordinary disability retirement allowance. (a)

Upon retirement for ordinary disability, a class H member who became a member before July 1, 2012, shall receive a maximum retirement allowance equal to the higher of either:

(1) Two per cent of the average final compensation multiplied by the number of years of class H credited service unreduced for age, plus one and one-fourth per cent of the member's average final compensation multiplied by the number of years of class C credited service unreduced for age; or

(2) Twenty-five per cent of the member's average final compensation.

(b) Upon retirement for ordinary disability, a class H member who becomes a member after June 30, 2012, shall receive a maximum retirement allowance equal to the higher of either:

(1) One and three-fourths per cent of the average final compensation multiplied by the number of years of class H credited service unreduced for age, plus one and one-fourth per cent of the member's average final



1 compensation multiplied by the number of years of
2 class C credited service unreduced for age; or
3 (2) Twenty-five per cent of the member's average final
4 compensation."

5 SECTION 4. Section 88-338, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) Upon receipt by the system of proper proof of a class
8 H member's death occurring in service or while on authorized
9 leave without pay and if no pension is payable under section
10 88-339, there shall be paid to the member's designated
11 beneficiary an ordinary death benefit as follows:

12 (1) ~~[If the member had less than five years of credited~~
13 ~~service at the time of death, the]~~ The member's
14 accumulated contributions shall be paid to the
15 member's designated beneficiary[+] if:

16 (A) The member became a member before July 1, 2012,
17 and had less than five years of credited service
18 at the time of death; or

19 (B) The member became a member after June 30, 2012,
20 and had less than ten years of credited service
21 at the time of death;



(2) ~~[If the member had five or more years of credited service at the time of death, an]~~ An amount equal to the member's hypothetical account balance shall be paid to the member's designated beneficiary~~[+]~~ if:

(A) The member became a member before July 1, 2012, and had five or more years of credited service at the time of death; or

(B) The member became a member after June 30, 2012, and had ten or more years of credited service at the time of death;

(3) If the member had ten or more years of credited service at the time of death, the member's designated beneficiary may elect to receive in lieu of any other payment provided in this section, the allowance that would have been payable as if the member had retired on the first day of a month following the member's death, except for the month of December when retirement on the first or last day of the month shall be allowed. Benefits payable under this paragraph shall be calculated under option 3 of section 88-83 and computed on the basis of section 88-332, unreduced for age; or



1 (4) If the member was eligible for service retirement at
2 the time of death, the member's designated beneficiary
3 may elect to receive in lieu of any other payment
4 provided in this section, the allowance that would
5 have been payable as if the member had retired on the
6 first day of a month following the member's death,
7 except for the month of December when retirement on
8 the first or last day of the month shall be allowed.
9 Benefits payable under this paragraph shall be
10 calculated under option 2 of section 88-83 and
11 computed on the basis of section 88-332."

12 SECTION 5. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 6. This Act shall take effect on July 1, 2012.



Report Title:

Employees' Retirement System

Description:

Corrects errors; harmonizes ordinary disability and ordinary death benefits for new members of the Employees' Retirement System with their service retirement benefits. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

