

TESTIMONY BY THOMAS WILLIAMS
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON

HOUSE BILL NO. 2313

FEBRUARY 5, 2016, 9:30 A.M.

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Nakashima, Vice Chair Keohokalole and Members of the Committee,

H.B. 2313 proposes to amend sections 88-74.7, 88-96, and 88-341, Hawaii Revised Statutes (HRS) to preserve the use and control by the Employees' Retirement System (ERS) of unclaimed member benefits and contributions that would otherwise be paid to the State's Unclaimed Property Program or escheated to other states.

Under sections 88-74.7, 88-96, and 88-341, the ERS is required to return member contributions and to commence the payment of benefits to members, former members, beneficiaries, or other persons or entities at certain required distribution dates. Despite a reasonably diligent search, the ERS sometimes cannot locate the member, former member, beneficiary, person or entity to be paid by or at the required distribution dates. In addition, after the ERS has started paying benefits to a retired member or beneficiary, the ERS sometimes ceases to be able to locate and make payments to them, e.g., checks or electronic payments are returned without a forwarding address. Under the State's Uniform Unclaimed Property Act, the unclaimed member contributions and benefit payments are presumed abandoned after a period of time and are required to be paid to the State's Unclaimed Property Program.

This bill would preserve the ERS's use and control of unclaimed member contributions and benefit payments by suspending and forfeiting them to the ERS prior to the time that they would be required to be paid to the State's Unclaimed Property Program or escheated to another state. In addition, the bill preserves the ability of the member, former member, beneficiary, or other person or entity to recover the forfeited contributions or benefit payments by providing a means for those persons or entities to apply to the ERS for recovery of those forfeited contributions and benefit payments.

The bill would also ease the ERS's administrative burdens of complying with the Uniform Unclaimed Property Act, which can be complicated when long term monthly benefit payments are involved.

The Board of Trustees of the Employees' Retirement System supports this legislation.

Thank you for this opportunity to provide testimony on H.B. 2313.