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## A BILL FOR AN ACT

RELATING TO RETIREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 88-73, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:  
3           "(b) Any member who first earned credited service as a  
4 judge after June 30, 1999, but before July 1, 2012, and who has  
5 at least five years of credited service and has attained age  
6 fifty-five or has at least twenty-five years of credited service  
7 shall become eligible to receive a retirement allowance after  
8 the member has terminated service. Any member who first earned  
9 credited service as a judge after June 30, 2012, but before  
10 July 1, 2017, and has at least ten years of credited service and  
11 has attained age sixty or has at least twenty-five years of  
12 credited service and has attained age fifty-five shall be  
13 eligible to receive a retirement allowance after the member has  
14 terminated service. Any member who first earned credited  
15 service as a judge after June 30, 2017, and has at least twelve  
16 years of credited service and has attained age sixty or has at  
17 least twenty-five years of credited service and has attained age



1 fifty-five shall be eligible to receive a retirement allowance  
2 after the member has terminated service."

3 SECTION 2. Section 88-74, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§88-74 Allowance on service retirement.** (a) Upon  
6 retirement from service, a member shall receive a maximum  
7 retirement allowance as provided in this section.

8 (b) If a member, who became a member before July 1, 2012,  
9 has attained age fifty-five, the member's maximum retirement  
10 allowance shall be two per cent of the member's average final  
11 compensation multiplied by the total number of years of the  
12 member's credited service as a class A and class B member,  
13 excluding any credited service as a judge, elective officer, or  
14 legislative officer, plus a retirement allowance of one and  
15 one-fourth per cent of the member's average final compensation  
16 multiplied by the total number of years of prior credited  
17 service as a class C member, plus a retirement allowance of two  
18 per cent of the member's average final compensation multiplied  
19 by the total number of years of prior credited service as a  
20 class H member; provided that:



- 1           (1) After June 30, 1968, if the member has at least ten  
2           years of credited service of which the last five or  
3           more years prior to retirement is credited service as  
4           a firefighter, police officer, or an investigator of  
5           the department of the prosecuting attorney;
- 6           (2) After June 30, 1977, if the member has at least ten  
7           years of credited service of which the last five or  
8           more years prior to retirement is credited service as  
9           a corrections officer;
- 10          (3) After June 16, 1981, if the member has at least ten  
11          years of credited service of which the last five or  
12          more years prior to retirement is credited service as  
13          an investigator of the department of the attorney  
14          general;
- 15          (4) After June 30, 1989, if the member has at least ten  
16          years of credited service of which the last five or  
17          more years prior to retirement is credited service as  
18          a narcotics enforcement investigator;
- 19          (5) After December 31, 1993, if the member has at least  
20          ten years of credited service of which the last five



- 1 or more years prior to retirement is credited service  
2 as a water safety officer;
- 3 (6) After June 30, 1994, if the member has at least ten  
4 years of credited service, of which the last five or  
5 more years prior to retirement are credited service as  
6 a public safety investigations staff investigator;
- 7 (7) After June 30, 2002, if the member:
- 8 (A) Has at least ten years of credited service as a  
9 firefighter;
- 10 (B) Is deemed permanently medically disqualified due  
11 to a service related disability to be a  
12 firefighter by the employer's physician; and
- 13 (C) Continues employment in a class A or B position  
14 other than a firefighter; and
- 15 (8) After June 30, 2004, if the member:
- 16 (A) Has at least ten years of credited service as a  
17 police officer;
- 18 (B) Is deemed permanently medically disqualified due  
19 to a service related disability to be a police  
20 officer by the employer's physician; and



1           (C) Continues employment in a class A or B position  
2                   other than a police officer;  
3 then for each year of service as a firefighter, police officer,  
4 corrections officer, investigator of the department of the  
5 prosecuting attorney, investigator of the department of the  
6 attorney general, narcotics enforcement investigator, water  
7 safety officer, or public safety investigations staff  
8 investigator, the retirement allowance shall be two and one-half  
9 per cent of the member's average final compensation. The  
10 maximum retirement allowance for those members shall not exceed  
11 eighty per cent of the member's average final compensation. If  
12 the member has not attained age fifty-five, the member's  
13 retirement allowance shall be computed as though the member had  
14 attained age fifty-five, reduced for age as provided in  
15 subsection (e).

16           (c) If a member, who became a member prior to July 1,  
17 2012, has credited service as a judge, the member's retirement  
18 allowance shall be computed on the following basis:

19           (1) For a member who has credited service as a judge  
20                   before July 1, 1999, irrespective of age, for each  
21                   year of credited service as a judge, three and



1 one-half per cent of the member's average final  
2 compensation in addition to an annuity that is the  
3 actuarial equivalent of the member's accumulated  
4 contributions allocable to the period of service;

5 (2) For a member who first earned credited service as a  
6 judge after June 30, 1999, but before July 1, 2012,  
7 for each year of credited service as a judge, three  
8 and one-half per cent of the member's average final  
9 compensation in addition to an annuity that is the  
10 actuarial equivalent of the member's accumulated  
11 contributions allocable to the period of service. If  
12 the member has not attained age fifty-five, the  
13 member's retirement allowance shall be computed as  
14 though the member had attained age fifty-five, reduced  
15 for age as provided in subsection (e);

16 (3) For a member who first earned credited service as a  
17 judge after June 30, 2012, for each year of credited  
18 service as a judge, three per cent of the member's  
19 average final compensation in addition to an annuity  
20 that is the actuarial equivalent of the member's  
21 accumulated contributions allocable to the period of



1 service. If the member has not attained age sixty,  
2 the member's retirement allowance shall be computed as  
3 though the member had attained age sixty, reduced for  
4 age as provided in subsection (i);

5 (4) For a member who first earned credited service as a  
6 judge after June 30, 2017, for each year of credited  
7 services as a judge, two per cent of the member's  
8 average final compensation in addition to an annuity  
9 that is the actuarial equivalent of the member's  
10 accumulated contributions allocable to the period of  
11 service. If the member has not attained age sixty,  
12 the member's retirement allowance shall be computed as  
13 though the member had attained age sixty, reduced for  
14 age as provided in subsection (i);

15 [~~4~~] (5) For a judge with other credited service, as  
16 provided in subsection (b). If the member has not  
17 attained age fifty-five, the member's retirement  
18 allowance shall be computed as though the member had  
19 attained age fifty-five, reduced for age as provided  
20 in subsection (e); or



1       ~~(5)~~ (6) For a judge with credited service as an elective  
2                   officer or as a legislative officer, as provided in  
3                   subsection (d).

4 No allowance shall exceed seventy-five per cent of the member's  
5 average final compensation. If the allowance exceeds this  
6 limit, it shall be adjusted by reducing the annuity included in  
7 paragraphs (1), (2), ~~and~~ (3), and (4) and the portion of the  
8 accumulated contributions specified in paragraphs (1), (2),  
9 ~~and~~ (3), and (4) in excess of the requirements of the reduced  
10 annuity shall be returned to the member upon the member's  
11 retirement or paid to the member's designated beneficiary upon  
12 the member's death while in service or while on authorized leave  
13 without pay. The allowance for judges under this subsection,  
14 together with the retirement allowance provided by the federal  
15 government for similar service, shall in no case exceed seventy-  
16 five per cent of the member's average final compensation.

17       (d) If a member, who became a member before July 1, 2012,  
18 has credited service as an elective officer or as a legislative  
19 officer, the member's retirement allowance shall be derived by  
20 adding the allowances computed separately under paragraphs (1),  
21 (2), (3), (4), (5), and (6) as follows:



- 1           (1) For a member who has credited service as an elective  
2           officer before July 1, 2012, irrespective of age, for  
3           each year of credited service as an elective officer,  
4           three and one-half per cent of the member's average  
5           final compensation as computed under section  
6           88-81(e)(1), in addition to an annuity that is the  
7           actuarial equivalent of the member's accumulated  
8           contributions allocable to the period of service;
- 9           (2) For a member, who first earned credited service as an  
10          elective officer after June 30, 2012, irrespective of  
11          age, for each year of credited service as an elective  
12          officer, three per cent of the member's average final  
13          compensation as computed under section 88-81(e)(1), in  
14          addition to an annuity that is the actuarial  
15          equivalent of the member's accumulated contributions  
16          allocable to the period of service;
- 17          (3) For a member who has credited service as a legislative  
18          officer before July 1, 2012, irrespective of age, for  
19          each year of credited service as a legislative  
20          officer, three and one-half per cent of the member's  
21          average final compensation as computed under section



- 1           88-81(e) (2), in addition to an annuity that is the  
2           actuarial equivalent of the member's accumulated  
3           contributions allocable to the period of service;
- 4       (4) For a member who first earned credited service as a  
5           legislative officer after June 30, 2012, irrespective  
6           of age, for each year of credited service as a  
7           legislative officer, three per cent of the member's  
8           average final compensation as computed under section  
9           88-81(e) (2), in addition to an annuity that is the  
10          actuarial equivalent of the member's accumulated  
11          contributions allocable to the period of service;
- 12       (5) If the member has credited service as a judge, the  
13          member's retirement allowance shall be computed on the  
14          following basis:
- 15           (A) For a member who has credited service as a judge  
16               before July 1, 1999, irrespective of age, for  
17               each year of credited service as a judge, three  
18               and one-half per cent of the member's average  
19               final compensation as computed under section  
20               88-81(e) (3), in addition to an annuity that is  
21               the actuarial equivalent of the member's



1           accumulated contributions allocable to the period  
2           of service;

3           (B) For a member who first earned credited service as  
4           a judge after June 30, 1999, but before July 1,  
5           2012, and has attained the age of fifty-five, for  
6           each year of credited service as a judge, three  
7           and one-half per cent of the member's average  
8           final compensation as computed under section  
9           88-81(e) (3), in addition to an annuity that is  
10          the actuarial equivalent of the member's  
11          accumulated contributions allocable to the period  
12          of service. If the member has not attained age  
13          fifty-five, the member's retirement allowance  
14          shall be computed as though the member had  
15          attained age fifty-five, reduced for age as  
16          provided in subsection (e); [and]

17          (C) For a member who first earned credited service as  
18          a judge after June 30, 2012, and has attained the  
19          age of sixty, for each year of credited service  
20          as a judge, three per cent of the member's  
21          average final compensation as computed under



1 section 88-81(e)(3), in addition to an annuity  
2 that is the actuarial equivalent of the member's  
3 accumulated contributions allocable to the period  
4 of service. If the member has not attained age  
5 sixty, the member's retirement allowance shall be  
6 computed as though the member had attained age  
7 sixty, reduced for age as provided in subsection  
8 (i); and

9 (D) For a member who first earned credited service as  
10 a judge after June 30, 2017, and has attained age  
11 sixty, for each year of credited service as a  
12 judge, two per cent of the member's average final  
13 compensation, as computed under section  
14 88-81(e)(3), in addition to an annuity that is  
15 the actuarial equivalent of the member's  
16 accumulated contributions allocable to the period  
17 of service. If the member has not attained age  
18 sixty, the member's retirement allowance shall be  
19 computed as though the member had attained age  
20 sixty, reduced for age as provided in subsection  
21 (i); and



1           (6) For each year of credited service not included in  
2           paragraph (1), (2), (3), (4), or (5), the average  
3           final compensation as computed under section  
4           88-81(e)(4) shall be multiplied by two per cent for  
5           credited service earned as a class A or class H  
6           member, two and one-half per cent for credited service  
7           earned as a class B member, and one and one-quarter  
8           per cent for credited service earned as a class C  
9           member. If the member has not attained age fifty-  
10          five, the member's retirement allowance shall be  
11          computed as though the member had attained age fifty-  
12          five, reduced for age as provided in subsection (e).

13 The total retirement allowance shall not exceed seventy-five per  
14 cent of the member's highest average final compensation  
15 calculated under section 88-81(e)(1), (2), (3), or (4). If the  
16 allowance exceeds this limit, it shall be adjusted by reducing  
17 any annuity accrued under paragraphs (1), (2), (3), (4), and (5)  
18 and the portion of the accumulated contributions specified in  
19 these paragraphs in excess of the requirements of the reduced  
20 annuity shall be returned to the member upon the member's  
21 retirement or paid to the member's designated beneficiary upon



1 the member's death while in service or while on authorized leave  
2 without pay. If a member has service credit as an elective  
3 officer or as a legislative officer in addition to service  
4 credit as a judge, then the retirement benefit calculation  
5 contained in this subsection shall supersede the formula  
6 contained in subsection (c).

7 (e) Except as provided in subsections (b), (c), and (d),  
8 if a member, who became a member before July 1, 2012, has not  
9 attained age fifty-five at the date of retirement, the member's  
10 retirement allowance shall be reduced, for each month the  
11 member's age at the date of retirement is below age fifty-five,  
12 as follows:

13 (1) 0.4166 per cent for each month below age fifty-five  
14 and above age forty-nine and eleven months; plus

15 (2) 0.3333 per cent for each month below age fifty and  
16 above age forty-four and eleven months; plus

17 (3) 0.2500 per cent for each month below age forty-five  
18 and above age thirty-nine and eleven months; plus

19 (4) 0.1666 per cent for each month below age forty;

20 provided that no reduction shall be made if the member has at  
21 least twenty-five years of credited service as a firefighter,



1 police officer, corrections officer, investigator of the  
2 department of the prosecuting attorney, investigator of the  
3 department of the attorney general, narcotics enforcement  
4 investigator, public safety investigations staff investigator,  
5 sewer worker, or water safety officer, of which the last five or  
6 more years prior to retirement is credited service in these  
7 capacities.

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



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- 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 public safety  
21          investigations staff investigator;



- 1           (6) If the member:
- 2           (A) Has at least ten years of credited service as a
- 3           firefighter;
- 4           (B) Is deemed permanently medically disqualified due
- 5           to a service related disability to be a
- 6           firefighter by the employer's physician; and
- 7           (C) Continues employment in a class A or class B
- 8           position other than a firefighter; and
- 9           (7) If the member:
- 10          (A) Has at least ten years of credited service as a
- 11          police officer;
- 12          (B) Is deemed permanently medically disqualified due
- 13          to a service related disability to be a police
- 14          officer by the employer's physician; and
- 15          (C) Continues employment in a class A or class B
- 16          position other than a police officer,
- 17 then for each year of service as a firefighter, police officer,
- 18 corrections officer, investigator of the department of the
- 19 prosecuting attorney, investigator of the department of the
- 20 attorney general, narcotics enforcement investigator, or public
- 21 safety investigations staff investigator, the retirement



1 allowance shall be two and one-fourth per cent of the member's  
2 average final compensation. The maximum retirement allowance  
3 for those members shall not exceed eighty per cent of the  
4 member's average final compensation. If the member has not  
5 attained age sixty, the member's retirement allowance shall be  
6 computed as though the member had attained age sixty, reduced  
7 for age as provided in subsection (i).

8 (g) [~~If~~] Other than in paragraph (3), if a member, who  
9 becomes a member after June 30, 2012, has credited service as a  
10 judge prior to July 1, 2017, the member's retirement allowance  
11 shall be computed on the following basis:

12 (1) For each year of credited service as a judge, three  
13 per cent of the member's average final compensation in  
14 addition to an annuity that is the actuarial  
15 equivalent of the member's accumulated contributions  
16 allocable to the period of service. If the member has  
17 not attained age sixty, the member's retirement  
18 allowance shall be computed as though the member had  
19 attained age sixty, reduced for age as provided in  
20 subsection (i);



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1           (2) For a judge with other credited service, as provided  
2           in subsection (f). If the member has not attained age  
3           sixty, the member's retirement allowance shall be  
4           computed as though the member had attained age sixty,  
5           reduced for age as provided in subsection (i); ~~and~~

6           (3) For a member who first earned credited service as a  
7           judge after June 30, 2017, for each year of credited  
8           services as a judge, two per cent of the member's  
9           average final compensation in addition to an annuity  
10           that is the actuarial equivalent of the member's  
11           accumulated contributions allocable to the period of  
12           service. If the member has not attained age sixty,  
13           the member's retirement allowance shall be computed as  
14           though the member had attained age sixty, reduced for  
15           age as provided in subsection (i); and

16           ~~(3)~~ (4) For a judge with credited service as an elective  
17           officer or as a legislative officer, as provided in  
18           subsection (h).

19 No allowance shall exceed seventy-five per cent of the member's  
20 average final compensation. If the allowance exceeds this  
21 limit, it shall be adjusted by reducing the annuity included in



1 paragraph (1) and the portion of the accumulated contributions  
2 specified in paragraph (1) in excess of the requirements of the  
3 reduced annuity shall be returned to the member upon the  
4 member's retirement or paid to the member's designated  
5 beneficiary upon the member's death while in service or while on  
6 authorized leave without pay. The allowance for judges under  
7 this subsection, together with the retirement allowance provided  
8 by the federal government for similar service, shall in no case  
9 exceed seventy-five per cent of the member's average final  
10 compensation.

11 (h) If a member, who becomes a member after June 30, 2012,  
12 has credited service as an elective officer or as a legislative  
13 officer, the member's retirement allowance shall be derived by  
14 adding the allowances computed separately under paragraphs (1),  
15 (2), (3), and (4) as follows:

16 (1) Irrespective of age, for each year of credited service  
17 as an elective officer, three per cent of the member's  
18 average final compensation as computed under section  
19 88-81(f)(1), in addition to an annuity that is the  
20 actuarial equivalent of the member's accumulated  
21 contributions allocable to the period of service;



- 1           (2) Irrespective of age, for each year of credited service  
2           as a legislative officer, three per cent of the  
3           member's average final compensation as computed under  
4           section 88-81(f)(2), in addition to an annuity that is  
5           the actuarial equivalent of the member's accumulated  
6           contributions allocable to the period of service;
- 7           (3) For each year of credited service as a judge [7] who  
8           first earned credited service as a judge prior to  
9           July 1, 2017, three per cent of the member's average  
10          final compensation as computed under section  
11          88-81(f)(3), in addition to an annuity that is the  
12          actuarial equivalent of the member's accumulated  
13          contributions allocable to the period of service. For  
14          each year of credited service as a judge who first  
15          earned credit service as a judge after June 30, 2017,  
16          two per cent of the member's average final  
17          compensation as computed under section 88-81(f)(3), in  
18          addition to an annuity that is the actuarial  
19          equivalent of the member's accumulated contributions  
20          allocable to the period of service. If the member has  
21          not attained age sixty, the member's retirement



1 allowance shall be computed as though the member had  
2 attained age sixty, reduced for age as provided in  
3 subsection (i); and

- 4 (4) For each year of credited service not included in  
5 paragraph (1), (2), or (3), the average final  
6 compensation as computed under section 88-81(f)(4)  
7 shall be multiplied by one and three-fourth per cent  
8 for credited service earned as a class A or class H  
9 member, two and one-fourth per cent for credited  
10 service earned as a class B member, and one and  
11 one-fourth per cent for credited service earned as a  
12 class C member. If the member has not attained age  
13 sixty, the member's retirement allowance shall be  
14 computed as though the member had attained age sixty,  
15 reduced for age as provided in subsection (i).

16 The total retirement allowance shall not exceed seventy-five per  
17 cent of the member's highest average final compensation  
18 calculated under section 88-81(f)(1), (2), (3), or (4). If the  
19 allowance exceeds this limit, it shall be adjusted by reducing  
20 any annuity accrued under paragraphs (1), (2), and (3) and the  
21 portion of the accumulated contributions specified in these



1 paragraphs in excess of the requirements of the reduced annuity  
2 shall be returned to the member upon the member's retirement or  
3 paid to the member's designated beneficiary upon the member's  
4 death while in service or while on authorized leave without pay.  
5 If a member has service credit as an elective officer or as a  
6 legislative officer in addition to service credit as a judge,  
7 then the retirement benefit calculation contained in this  
8 subsection shall supersede the formula contained in subsection  
9 (g).

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

- 16 (1) 0.4166 per cent for each month below age sixty and  
17 above age fifty-four and eleven months; plus  
18 (2) 0.3333 per cent for each month below age fifty-five  
19 and above age forty-nine and eleven months; plus  
20 (3) 0.2500 per cent for each month below age fifty and  
21 above age forty-four and eleven months; plus

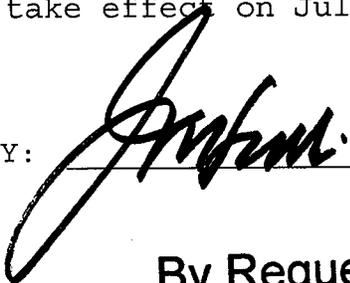


1           (4) 0.1666 per cent for each month below age forty-five;  
2 provided that no reduction shall be made if the member has  
3 attained the age of fifty-five and has at least twenty-five  
4 years of credited service as a firefighter, police officer,  
5 corrections officer, investigator of the department of the  
6 prosecuting attorney, investigator of the department of the  
7 attorney general, narcotics enforcement investigator, public  
8 safety investigations staff investigator, sewer worker, water  
9 safety officer, or emergency medical technician, of which the  
10 last five or more years prior to retirement is credited service  
11 in these capacities."

12           SECTION 3. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14           SECTION 4. This Act shall take effect on July 1, 2017.

15

INTRODUCED BY: 

**By Request**                      **JAN 23 2017**



# H.B. NO. 987

**Report Title:**

Retirement; Pension; Judges; Employees' Retirement System

**Description:**

Provides that a member of the employees' retirement system who first earned credited service as a judge after June 30, 2017, and has at least twelve years of credited service and attained age sixty, or has at least twenty-five years of credited service and has attained age fifty-five is eligible to receive a pension after retirement. Reduces the retirement allowance for a member who first earned credited service as a judge after June 30, 2017, to two per cent of the member's average final compensation, reduced for each month the member's age at the date of retirement is below age sixty.

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

