

JAN 19 2018

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# A BILL FOR AN ACT

RELATING TO RETIREMENT ALLOWANCE OPTIONS.

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

1 SECTION 1. Section 88-83, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) Upon retirement, any member may elect to receive the  
4 maximum retirement allowance to which the member is entitled  
5 computed in accordance with section 88-74, 88-76, or 88-80, and  
6 in the event of the retirant's death, there shall be paid to the  
7 retirant's designated beneficiary, or otherwise to the  
8 retirant's estate the difference between:

9 (1) The balance of the member's accumulated contributions  
10 at the time of the member's retirement; and

11 (2) The retirement allowance and, if the retirant retired  
12 after November 30, 2004, the post retirement  
13 allowances paid or payable to the retirant prior to  
14 death.

15 In lieu of this maximum allowance, the member may elect to  
16 receive the member's retirement allowance under any one of the



1 optional plans described below, which shall be actuarially  
2 equivalent to the maximum allowance.

3       Option 1: The member may elect to receive a lesser  
4 retirement allowance during the member's lifetime. At the  
5 member's retirement, there shall be established an amount of  
6 initial insurance that shall be computed on the basis of  
7 actuarial factors adopted by the board. Upon the death of the  
8 retirant, there shall be paid to the retirant's designated  
9 beneficiary, otherwise to the retirant's estate: any balance  
10 remaining in the initial insurance reserve, after deducting the  
11 retirement allowance and, if the retirant retired after  
12 November 30, 2004, the post retirement allowances paid to the  
13 retirant prior to death. In lieu of the lump sum balance, the  
14 beneficiary may, if the beneficiary is a natural person, elect  
15 to receive an allowance for life based on the value of the  
16 balance; provided that the allowance is not less than \$100 per  
17 month. If the beneficiary of the retirant who:

18       (1) Retired after November 30, 2004, and

19       (2) Dies after June 30, 2007,

20 elects to receive the allowance in lieu of the lump sum balance,  
21 there shall also be payable to the beneficiary an additional



1 allowance calculated and payable in the same manner as a post  
2 retirement allowance under section 88-90. The additional  
3 allowance shall be based on the original amount of the allowance  
4 in lieu of the lump sum balance, and shall commence on the first  
5 day of July following the calendar year in which payment of the  
6 allowance in lieu of the lump sum balance is effective.

7       Option 2: The member may elect to receive a lesser  
8 retirement allowance during the member's lifetime and have those  
9 allowances, including cumulative post retirement allowances, if  
10 applicable, continued after the member's death to the member's  
11 beneficiary designated at the time of the member's retirement,  
12 for the life of the beneficiary. If the beneficiary dies prior  
13 to the retirant, all further payments shall cease upon the death  
14 of the retirant; provided that for members retiring after  
15 November 30, 2004, if the retirant's designated beneficiary dies  
16 at any time after the retirant retired, but before the death of  
17 the retirant, the retirant, upon the death of the retirant's  
18 designated beneficiary, shall receive a retirement allowance,  
19 including cumulative post retirement allowances, calculated as  
20 if the retirant had selected the maximum retirement allowance to  
21 which the retirant is entitled. Only one beneficiary shall be



1 designated under this option. The beneficiary designated under  
2 this option shall be a natural person, and benefits under this  
3 option shall only be paid to a natural person.

4 Option 3: The member may elect to receive a lesser  
5 retirement allowance during the member's lifetime and have one-  
6 half of the allowance, including fifty per cent of all  
7 cumulative post retirement allowances, if applicable, continued  
8 after the member's death to the member's beneficiary designated  
9 at the time of the member's retirement, for the life of the  
10 beneficiary. If the beneficiary dies prior to the retirant, all  
11 further payments shall cease upon the death of the [~~retirant,~~  
12 beneficiary]; provided that for members retiring after  
13 November 30, 2004, if the retirant's designated beneficiary dies  
14 at any time after the retirant retired, but before the death of  
15 the retirant, the retirant, upon the death of the retirant's  
16 designated beneficiary, shall receive a retirement allowance,  
17 including cumulative post retirement allowances, calculated as  
18 if the retirant had selected the maximum retirement allowance to  
19 which the retirant is entitled. Only one beneficiary shall be  
20 designated under this option. The beneficiary designated under



1 this option shall be a natural person, and benefits under this  
2 option shall only be paid to a natural person.

3 Option 4: The member may elect to receive a lesser  
4 retirement allowance during the member's lifetime and provide  
5 some other benefit to the member's beneficiary in accordance  
6 with the member's own specification; provided that this election  
7 shall be certified by the actuary to be the actuarial equivalent  
8 of the member's retirement allowance and shall be approved by  
9 the board.

10 Option 5: The member may elect to receive the balance of  
11 the member's accumulated contributions at the time of retirement  
12 in a lump sum and, during the member's lifetime, a retirement  
13 allowance equal to the maximum retirement allowance reduced by  
14 the actuarial equivalent of these contributions. Upon the death  
15 of the retirant, all further payments shall cease. Only a  
16 member retiring from service having at least ten years of  
17 credited service or for disability may elect this retirement  
18 allowance option.

19 To receive benefits, the beneficiary must have been  
20 designated by the member in the form and manner prescribed by  
21 the board."



# S.B. NO. 2236

1           SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 3. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

Y. R. O. O. J. L.  
by request J



# S.B. NO. 2236

**Report Title:**

Retirement Allowance Options; Beneficiaries

**Description:**

Corrects inconsistent terminology in statutory provisions relating to beneficiaries of retirement benefits dying prior to the death of the retirant.

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

