

JAN 20 2017

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:



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- 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);



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;



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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



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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:

~~AC. Fish Agona~~
 Dan Claitor
Spencer R. Hodge
 Anne Berube K.



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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.

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