
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 ten
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 as follows:

5 1. By amending subsections (c) and (d) to read:

6 "(c) If a member, who became a member prior to July 1,
7 2012, has credited service as a judge, the member's retirement
8 allowance shall be computed on the following basis:

9 (1) For a member who has credited service as a judge
10 before July 1, 1999, irrespective of age, for each
11 year of credited service as a judge, three and
12 one-half per cent of the member's average final
13 compensation in addition to an annuity that is the
14 actuarial equivalent of the member's accumulated
15 contributions allocable to the period of service;

16 (2) For a member who first earned credited service as a
17 judge after June 30, 1999, but before July 1, 2012,
18 for each year of credited service as a judge, three
19 and one-half per cent of the member's average final
20 compensation in addition to an annuity that is the
21 actuarial equivalent of the member's accumulated



1 contributions allocable to the period of service. If
2 the member has not attained age fifty-five, the
3 member's retirement allowance shall be computed as
4 though the member had attained age fifty-five, reduced
5 for age as provided in subsection (e);

6 (3) For a member who first earned credited service as a
7 judge after June 30, 2012, for each year of credited
8 service as a judge, three 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);

16 (4) For a member who first earned credited service as a
17 judge after June 30, 2017, for each year of credited
18 services as a judge, two 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~~] (5) For a judge with other credited service, as
6 provided in subsection (b). If the member has not
7 attained age fifty-five, the member's retirement
8 allowance shall be computed as though the member had
9 attained age fifty-five, reduced for age as provided
10 in subsection (e); or

11 [~~5~~] (6) For a judge with credited service as an elective
12 officer or as a legislative officer, as provided in
13 subsection (d).

14 No allowance shall exceed seventy-five per cent of the member's
15 average final compensation. If the allowance exceeds this
16 limit, it shall be adjusted by reducing the annuity included in
17 paragraphs (1) [~~2~~], [~~and (3)~~] to (4) and the portion of the
18 accumulated contributions specified in paragraphs (1) [~~2~~], [~~and~~
19 ~~(3)~~] to (4) in excess of the requirements of the reduced annuity
20 shall be returned to the member upon the member's retirement or
21 paid to the member's designated beneficiary upon the member's



1 death while in service or while on authorized leave without pay.
2 The allowance for judges under this subsection, together with
3 the retirement allowance provided by the federal government for
4 similar service, shall in no case exceed seventy-five per cent
5 of the member's average final compensation.

6 (d) If a member, who became a member before July 1, 2012,
7 has credited service as an elective officer or as a legislative
8 officer, the member's retirement allowance shall be derived by
9 adding the allowances computed separately under paragraphs (1),
10 (2), (3), (4), (5), and (6) as follows:

11 (1) For a member who has credited service as an elective
12 officer before July 1, 2012, irrespective of age, for
13 each year of credited service as an elective officer,
14 three and one-half per cent of the member's average
15 final compensation as computed under section
16 88-81(e)(1), in addition to an annuity that is the
17 actuarial equivalent of the member's accumulated
18 contributions allocable to the period of service;

19 (2) For a member, who first earned credited service as an
20 elective officer after June 30, 2012, irrespective of
21 age, for each year of credited service as an elective



1 officer, three per cent of the member's average final
2 compensation as computed under section 88-81(e)(1), in
3 addition to an annuity that is the actuarial
4 equivalent of the member's accumulated contributions
5 allocable to the period of service;

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

14 (4) For a member who first earned credited service as a
15 legislative officer after June 30, 2012, irrespective
16 of age, for each year of credited service as a
17 legislative officer, three per cent of the member's
18 average final compensation as computed under section
19 88-81(e)(2), 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 (5) If the member has credited service as a judge, the
2 member's retirement allowance shall be computed on the
3 following basis:

4 (A) For a member who has credited service as a judge
5 before July 1, 1999, irrespective of age, 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;

13 (B) For a member who first earned credited service as
14 a judge after June 30, 1999, but before July 1,
15 2012, and has attained the age of fifty-five, for
16 each year of credited service as a judge, three
17 and one-half per cent of the member's average
18 final compensation as computed under section
19 88-81(e)(3), in addition to an annuity that is
20 the actuarial equivalent of the member's
21 accumulated contributions allocable to the period



1 of service. If the member has not attained age
2 fifty-five, the member's retirement allowance
3 shall be computed as though the member had
4 attained age fifty-five, reduced for age as
5 provided in subsection (e); [~~and~~]

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

19 (D) For a member who first earned credited service as
20 a judge after June 30, 2017, and has attained age
21 sixty, for each year of credited service as a



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

11 (6) For each year of credited service not included in
12 paragraph (1), (2), (3), (4), or (5), the average
13 final compensation as computed under section
14 88-81(e)(4) shall be multiplied by two per cent for
15 credited service earned as a class A or class H
16 member, two and one-half per cent for credited service
17 earned as a class B member, and one and one-quarter
18 per cent for credited service earned as a class C
19 member. If the member has not attained age fifty-
20 five, the member's retirement allowance shall be



1 computed as though the member had attained age fifty-
2 five, reduced for age as provided in subsection (e).
3 The total retirement allowance shall not exceed seventy-five per
4 cent of the member's highest average final compensation
5 calculated under section 88-81(e)(1), (2), (3), or (4). If the
6 allowance exceeds this limit, it shall be adjusted by reducing
7 any annuity accrued under paragraphs (1), (2), (3), (4), and (5)
8 and the portion of the accumulated contributions specified in
9 these paragraphs 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. If a member has service credit as an elective
14 officer or as a legislative officer in addition to service
15 credit as a judge, then the retirement benefit calculation
16 contained in this subsection shall supersede the formula
17 contained in subsection (c)."

18 2. By amending subsection (g) to read:

19 "(g) If a member, who becomes a member after June 30,
20 2012, has credited service as a judge[7]:



1 (1) Prior to July 1, 2017, the member's retirement
2 allowance shall be computed on the following basis:
3 ~~[(1)]~~ (A) For each year of credited service as a judge,
4 three per cent of the member's average final
5 compensation in addition to an annuity that is
6 the actuarial equivalent of the member's
7 accumulated contributions allocable to the period
8 of service. If the member has not attained age
9 sixty, the member's retirement allowance shall be
10 computed as though the member had attained age
11 sixty, reduced for age as provided in subsection
12 (i);
13 ~~[(2)]~~ (B) For a judge with other credited service, as
14 provided in subsection (f). If the member has
15 not attained age sixty, the member's retirement
16 allowance shall be computed as though the member
17 had attained age sixty, reduced for age as
18 provided in subsection (i); and
19 ~~[(3)]~~ (C) For a judge with credited service as an elective
20 officer or as a legislative officer, as provided
21 in subsection (h) ~~[-]~~ ; and



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

13 No allowance shall exceed seventy-five per cent of the
14 member's average final compensation. If the allowance exceeds
15 this limit, it shall be adjusted by reducing the annuity
16 included in paragraph [~~1~~] (1)(A) and the portion of the
17 accumulated contributions specified in paragraph [~~1~~] (1)(A) in
18 excess of the requirements of the reduced annuity shall be
19 returned to the member upon the member's retirement or paid to
20 the member's designated beneficiary upon the member's death
21 while in service or while on authorized leave without pay. The



1 allowance for judges under this subsection, together with the
2 retirement allowance provided by the federal government for
3 similar service, shall in no case exceed seventy-five per cent
4 of the member's average final compensation."

5 3. By amending subsection (h) to read:

6 "(h) If a member, who becomes a member after June 30,
7 2012, has credited service as an elective officer or as a
8 legislative officer, the member's retirement allowance shall be
9 derived by adding the allowances computed separately under
10 paragraphs (1), (2), (3), and (4) as follows:

11 (1) Irrespective of age, for each year of credited service
12 as an elective officer, three per cent of the member's
13 average final compensation as computed under section
14 88-81(f)(1), in addition to an annuity that is the
15 actuarial equivalent of the member's accumulated
16 contributions allocable to the period of service;

17 (2) Irrespective of age, for each year of credited service
18 as a legislative officer, three per cent of the
19 member's average final compensation as computed under
20 section 88-81(f)(2), in addition to an annuity that is



1 the actuarial equivalent of the member's accumulated
2 contributions allocable to the period of service;

3 (3) For each year of credited service as a judge[7] who
4 first earned credited service as a judge prior to
5 July 1, 2017, three per cent of the member's average
6 final compensation as computed under section
7 88-81(f)(3), in addition to an annuity that is the
8 actuarial equivalent of the member's accumulated
9 contributions allocable to the period of service. For
10 each year of credited service as a judge who first
11 earned credit service as a judge after June 30, 2017,
12 two per cent of the member's average final
13 compensation as computed under section 88-81(f)(3), 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); and



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

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(f)(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), and (3) and the
18 portion of the accumulated contributions specified in these
19 paragraphs in excess of the requirements of the reduced annuity
20 shall be returned to the member upon the member's retirement or
21 paid to the member's designated beneficiary upon the member's



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

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

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

10



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 ten 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 percentage of average final compensation used to calculate the retirement allowance for a member who first earned credited service as a judge after June 30, 2017, to two per cent. (SD1)

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