
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES RETIREMENT SYSTEM.

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

1 SECTION 1. Section 88-6, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§88-6 Payment of refunds and retirement benefits.** (a)

4 Notwithstanding any other provision of this chapter:

5 (1) All retirees and beneficiaries of the state retirement
6 system or county pension funds shall be paid
7 semimonthly; provided that:

8 (A) All retirees and beneficiaries of the state
9 retirement system who either retire or become
10 beneficiaries after January 1, 2003, shall be
11 paid monthly; and

12 (B) Effective July 1, 2011, all retirees and
13 beneficiaries of the state retirement system
14 shall be paid monthly; provided that this
15 subparagraph shall not apply to any retiree or
16 beneficiary who:



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- 1 (i) Became a retiree or beneficiary prior to
2 January 1, 2003;
- 3 (ii) Is eighty years of age or older on January
4 1, 2011; and
- 5 (iii) Receives \$800 or less of pension benefits
6 each month; and
- 7 (2) Any retiree or beneficiary of the state retirement
8 system whose benefit commences after June 30, 2001,
9 shall designate a financial institution account into
10 which the system shall be authorized to deposit their
11 retirement benefit; and effective April 1, 2011, all
12 retirees and beneficiaries of the state retirement
13 system shall designate a financial institution account
14 into which the system shall be authorized to deposit
15 their state retirement system benefits. This method
16 of payment may be waived by the system.
- 17 (b) Any member, former employee, retirant, or beneficiary
18 to whom accumulated contributions or a hypothetical account
19 balance, as defined in section 88-311, is payable after June 30,
20 2008, if the payment will be greater than \$250 and the member,
21 former employee, retirant, or beneficiary does not elect to



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1 rollover the payment into an eligible retirement plan, shall
2 designate a financial institution account into which the system
3 shall be authorized to deposit the payment. This method of
4 payment may be waived by the system if another method is
5 determined to be more appropriate.

6 (c) All overpayments of refunds and retirement benefits,
7 including but not limited to the over issuance of death
8 benefits, beneficiary benefits, payments to alternate payees,
9 and adjustment payments, shall constitute a debt due and owing
10 to the system by the recipient of such overpayments. In
11 addition to the remedies elsewhere prescribed in this chapter
12 for the recovery of benefits, recovery of all overpayments shall
13 be made in accordance with applicable state law and federal
14 regulations. The system shall adopt and enforce rules as may be
15 necessary to effect the maximum recovery of retirement benefit
16 overpayments. System rules for the recovery of overpayments
17 shall prescribe procedures for recourse to the civil courts when
18 required, the filing of liens against the real property of
19 overpaid recipients, and the filing of claims against the estate
20 of a deceased recipient who has received overpayments that have
21 not been recovered. Nothing in this section shall preclude the



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1 board of trustees or the executive director of the system from
2 adopting procedures for waiving the recovery of overpayments in
3 cases of bona fide hardship or where the costs of recovery would
4 exceed the amount expected to be recovered.

5 (d) For the purposes of this section:

6 "Financial institution account" shall include:

7 (1) An individual or joint account; and

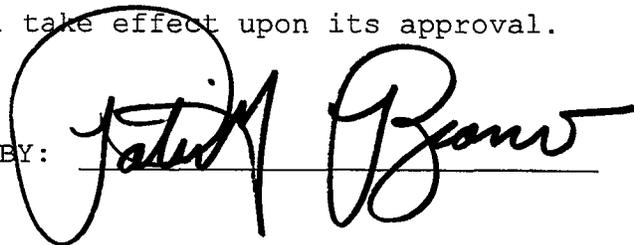
8 (2) A trust account that meets the definition of "trust
9 account" in section 560:6-101 where the retiree or
10 beneficiary is a trustee."

11 SECTION 2. New statutory material is underscored.

12 SECTION 3. This Act shall take effect upon its approval.

13

INTRODUCED BY:



JAN 25 2021



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Report Title:

Employees' Retirement System; Benefits; Financial Institutions
Trust Accounts

Description:

Specifies that employees' retirement system payment of refunds and benefits may be paid into individual, joint, and trust accounts of financial institutions.

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