

---

---

# 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 88-21.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§88-21.5 Compensation.** (a) For a member who became a  
4 member before July 1, 2012:

5           (1) Unless a different meaning is plainly required by  
6 context, "compensation" as used in this part means:

7           (A) Normal periodic payments of money for service the  
8 right to which accrues on a regular basis in  
9 proportion to the service performed;

10           (B) Overtime, differentials, and supplementary  
11 payments;

12           (C) Bonuses and lump sum salary supplements;

13           (D) Elective salary reduction contributions under  
14 sections 125, 403(b), and 457(b) of the Internal  
15 Revenue Code of 1986, as amended; and

16           (E) Retroactive payments of those purposes and nature  
17 authorized in subparagraphs (A) through (D), and



1 certified as compensation pursuant to section 88-  
2 64;

3 (2) Bonuses and lump sum salary supplements shall be  
4 deemed earned when payable; provided that bonuses or  
5 lump sum salary supplements in excess of one-twelfth  
6 of compensation for the twelve months before the month  
7 in which the bonus or lump sum salary supplement is  
8 payable, exclusive of overtime, bonuses, and lump sum  
9 salary supplements, shall be deemed earned:

10 (A) During the period agreed-upon by the employer and  
11 employee, but in any event over a period of no  
12 less than twelve months; or

13 (B) In the absence of an agreement between the  
14 employer and the employee, over the twelve months  
15 before the date on which the bonus or lump sum  
16 salary supplement is payable; and

17 (3) Retroactive payments shall be deemed earned when it  
18 would have been earned, as determined by the system  
19 pursuant to section 88-64.



1 (b) For a member who becomes a member after June 30, 2012,  
2 unless a different meaning is plainly required by context,  
3 "compensation" as used in this part:

4 (1) Means:

5 (A) The normal periodic payments of money for  
6 service, the right to which accrues on an hourly,  
7 daily, monthly, or annual basis;

8 (B) Shortage differentials;

9 (C) Elective salary reduction contributions under  
10 sections 125, 403(b), and 457(b) of the Internal  
11 Revenue Code of 1986, as amended; [~~and~~]

12 (D) Twelve-month differentials for employees of the  
13 department of education; and

14 (E) Overtime; provided that overtime shall only be  
15 considered compensation when an employee has been  
16 directed by their supervisor or an appropriate  
17 authority to work more than their normal hours of  
18 service to perform specific duties and tasks to  
19 serve the immediate well-being of the public due  
20 to a natural disaster under an active emergency  
21 proclamation issued pursuant to chapter 127A; and



1           (2) Shall not include any other additional or extra  
2           payments to an employee or officer, [~~including~~  
3           ~~overtime,~~] supplementary payments, bonuses, lump sum  
4           salary supplements, allowances, or differentials,  
5           including differentials for stand-by duty, temporary  
6           unusual work hazards, compression differentials, or  
7           temporary differentials, except for those expressly  
8           authorized pursuant to subsection (b) (1) (B),  
9           (b) (1) (C), and (b) (1) (D).

10           (c) For a member who becomes a member after June 30, 2012,  
11 and who engages in overtime, as defined as compensation in  
12 subsection (b) (1) (E), on or after July 1, 2024, shall have the  
13 overtime included in the member's pension calculations; provided  
14 that overtime worked prior to July 1, 2024, shall not be  
15 included in the member's pension calculations."

16           SECTION 2. Statuary material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18           SECTION 3. This Act shall take effect on July 1, 3000.



**Report Title:**

Employees' Retirement System; Overtime; Compensation; Definition

**Description:**

For members of the Employees' Retirement System hired after June 30, 2012, includes overtime in the definition of compensation when an employee has been directed by their supervisor or an appropriate authority to work more than their normal hours of service to perform specific duties and tasks to serve the immediate well-being of the public due to a natural disaster under an active emergency proclamation. Specifies that overtime worked prior to July 1, 2024, shall not be included in pension calculations. Effective 7/1/3000. (HD1)

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

