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## 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 87A-36, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§87A-36 State and county contributions; employees hired**  
4 **after June 30, 2001, and retired.** (a) This section shall apply  
5 to state and county contributions to the fund for employees  
6 hired after June 30, 2001, and who retired, except that this  
7 section shall not apply to the following employees, for whom  
8 state and county contributions shall be made as provided by  
9 section 87A-35:

10 (1) An employee hired after June 30, 1996, and prior to  
11 July 1, 2001, who transfers employment after June 30,  
12 2001, and who cumulatively accrues at least ten years  
13 of credited service; and

14 (2) An employee hired after June 30, 1996, and prior to  
15 July 1, 2001, who has at least ten years of credited  
16 service prior to a break in service.

17 For purposes of this section:



1 "Break in service" means to leave state or county  
2 employment for more than ninety calendar days before returning  
3 to state or county employment.

4 "Transfer" means to leave state or county employment and  
5 return to state or county employment within ninety calendar  
6 days.

7 (b) For purposes of this section, if an employee leaves  
8 state or county employment and returns to state or county  
9 employment after July 1, 2001, upon retirement, the employee's  
10 years of service shall be computed in the same manner as set  
11 forth in chapter 88.

12 (c) The State, through the department of budget and  
13 finance, and the counties, through their respective departments  
14 of finance, shall pay to the fund:

15 (1) For retired employees based on the self plan with ten  
16 or more years but fewer than fifteen years of service,  
17 a monthly contribution equal to one-half of the base  
18 medicare or non-medicare monthly contribution set  
19 forth under section 87A-33(b);

20 (2) For retired employees based on the self plan with at  
21 least fifteen but fewer than twenty-five years of



1 service, a monthly contribution equal to seventy-five  
2 per cent of the base medicare or non-medicare monthly  
3 contribution set forth under section 87A-33(b);

4 (3) For retired employees based on the self plan with  
5 twenty-five or more years of service, a monthly  
6 contribution equal to one hundred per cent of the base  
7 medicare or non-medicare monthly contribution set  
8 forth under section 87A-33(b); and

9 (4) One-half of the monthly contributions for the  
10 employee-beneficiary or employee-beneficiary with  
11 dependent-beneficiaries upon the death of the  
12 employee, as defined in paragraph (1)(D) of the  
13 definition of "employee" in section 87A-1[+].[+]

14 If two employee-beneficiaries are married or in a civil  
15 union, the total contribution by the State or county shall not  
16 exceed the monthly contribution for two supplemental medicare  
17 self or non-medicare self plans, as appropriate.

18 (d) Notwithstanding any other law to the contrary, for the  
19 purposes of county contributions to the fund for any employee  
20 who is a county police officer hired after June 30, 2001, and  
21 who retired, section 87A-35 shall apply, and with respect to

1 benefit plans under this chapter, the county police officer  
2 employee shall be treated as if employment began before July 1,  
3 2001, for the purposes of maintaining a spouse on a health  
4 benefit plan."

5 SECTION 2. Section 88-9, Hawaii Revised Statutes, is  
6 amended by amending subsection (d) to read as follows:

7 "(d) A retirant may be employed without reenrollment in  
8 the system and suffer no loss or interruption of benefits  
9 provided by the system or under chapter 87A if the retirant is  
10 employed:

11 (1) As an elective officer pursuant to section 88-42.6(c)  
12 or as a member of the legislature pursuant to section  
13 ~~[88-73(d)]~~ 88-73(e);

14 (2) As a juror or precinct official;

15 (3) As a part-time or temporary employee excluded from  
16 membership in the system pursuant to section 88-43, as  
17 a session employee excluded from membership in the  
18 system pursuant to section 88-54.2, as the president  
19 and chief executive officer of the Hawaii tourism  
20 authority excluded from membership in the system  
21 pursuant to section 201B-2, or as any other employee



1 expressly excluded by law from membership in the  
2 system; provided that:

3 (A) The retirant was not employed by the State or a  
4 county during the six calendar months prior to  
5 the first day of reemployment; and

6 (B) No agreement was entered into between the State  
7 or a county and the retirant, prior to the  
8 retirement of the retirant, for the return to  
9 work by the retirant after retirement;

10 (4) In a position identified by the appropriate  
11 jurisdiction as a labor shortage or difficult-to-fill  
12 position; provided that:

13 (A) The retirant was not employed by the State or a  
14 county during the twelve calendar months prior to  
15 the first day of reemployment;

16 (B) No agreement was entered into between the State  
17 or a county and the retirant, prior to the  
18 retirement of the retirant, for the return to  
19 work by the retirant after retirement; and

20 (C) Each employer shall contribute to the pension  
21 accumulation fund the required percentage of the



1 rehired retirant's compensation to amortize the  
2 system's unfunded actuarial accrued liability; or  
3 (5) As a teacher or an administrator in a teacher shortage  
4 area identified by the department of education or in a  
5 charter school or as a mentor for new classroom  
6 teachers; provided that:  
7 (A) The retirant was not employed by the State or a  
8 county during the twelve calendar months prior to  
9 the first day of reemployment;  
10 (B) No agreement was entered into between the State  
11 or a county and the retirant prior to the  
12 retirement of the retirant, for the return to  
13 work by the retirant after retirement; and  
14 (C) The department of education or charter school  
15 shall contribute to the pension accumulation fund  
16 the required percentage of the rehired retirant's  
17 compensation to amortize the system's unfunded  
18 actuarial accrued liability."

19 SECTION 3. Section 88-21.5, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           **"§88-21.5 Compensation.** (a) For a member who became a  
2 member before July 1, 2012, or who is a police officer who  
3 becomes a member after June 30, 2023, unless a different meaning  
4 is plainly required by context, as used in this part,  
5 "compensation" means:

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

9           (2) Overtime, differentials, and supplementary payments;

10          (3) Bonuses and lump sum salary supplements; and

11          (4) Elective salary reduction contributions under sections  
12           125, 403(b), and 457(b) of the Internal Revenue Code  
13           of 1986, as amended.

14 Bonuses and lump sum salary supplements shall be deemed earned  
15 when payable; provided that bonuses or lump sum salary  
16 supplements in excess of one-twelfth of compensation for the  
17 twelve months prior to the month in which the bonus or lump sum  
18 salary supplement is payable, exclusive of overtime, bonuses,  
19 and lump sum salary supplements, shall be deemed earned:



1 (1) During the period agreed-upon by the employer and  
2 employee, but in any event over a period of not less  
3 than twelve months; or

4 (2) In the absence of an agreement between the employer  
5 and the employee, over the twelve months prior to the  
6 date on which the bonus or lump sum salary supplement  
7 is payable.

8 (b) For a member who becomes a member after June 30, 2012,  
9 except for a police officer who becomes a member after June 30,  
10 2023, unless a different meaning is plainly required by context,  
11 "compensation" as used in this part:

12 (1) Means:

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

16 (B) Shortage differentials;

17 (C) Elective salary reduction contributions under  
18 sections 125, 403(b), and 457(b) of the Internal  
19 Revenue Code of 1986, as amended; and

20 (D) Twelve-month differentials for employees of the  
21 department of education; 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           SECTION 4. Section 88-42.6, Hawaii Revised Statutes, is  
11 amended by amending subsections (c) and (d) to read as follows:

12           "(c) Notwithstanding section 88-21, 88-98, 88-273(c), or  
13 88-344, or any other law to the contrary, the retirement  
14 allowance of a retirant who returns to service as an elective  
15 officer shall not be suspended if the retirant:

16           (1) Retired pursuant to section [~~88-73(d);~~] 88-73(e); or  
17           (2) Has been retired for at least twelve consecutive  
18           months prior to return to service and elects to have  
19           the retirement allowance continue. The election  
20           whether or not to have the retirant's retirement  
21           allowance continue shall be irrevocable and shall be



1           made no later than thirty days following the  
2           retirant's first return to service as an elective  
3           officer.

4   If the retirant's retirement allowance is not suspended, the  
5   retirant shall not become a member of the system and shall not  
6   earn additional service credit or gain any additional retirement  
7   benefits.

8           (d)   An elective officer who retired pursuant to section  
9   ~~[88-73(d)]~~ 88-73(e) shall not be eligible for membership in the  
10   system while serving as an elective officer."

11           SECTION 5.   Section 88-45, Hawaii Revised Statutes, is  
12   amended to read as follows:

13           "**§88-45   Employee contributions.**   After June 30, 1988, each  
14   class A and class B member shall contribute seven and eight-  
15   tenths per cent of the member's compensation to the annuity  
16   savings fund; provided that after June 30, 1989, all  
17   firefighters, police officers, corrections officers,  
18   investigators of the departments of the prosecuting attorney and  
19   of the attorney general, narcotics enforcement investigators,  
20   water safety officers not making the election under section 88-  
21   271, and public safety investigations staff investigators shall



1 contribute twelve and two-tenths per cent of their compensation  
2 to the annuity savings fund for service in that capacity;  
3 provided further that each class A and class B member who  
4 becomes a member after June 30, 2012, shall contribute nine and  
5 eight-tenths per cent of the member's compensation to the  
6 annuity savings fund; provided further that all firefighters,  
7 police officers, corrections officers, investigators of the  
8 departments of the prosecuting attorney and of the attorney  
9 general, narcotics enforcement investigators, and public safety  
10 investigations staff investigators who become members after  
11 June 30, 2012, shall contribute fourteen and two-tenths per cent  
12 of their compensation to the annuity savings fund for service in  
13 that capacity[-]; provided further that police officers who  
14 become members after June 30, 2023, shall contribute twelve and  
15 two-tenths percent of their compensation to the annuity savings  
16 fund for service in that capacity."

17 SECTION 6. Section 88-62, Hawaii Revised Statutes, is  
18 amended to read as follows:

19 "**§88-62 Return to service of a former member.** (a) For  
20 members who became members before July 1, 2012[+], or for a  
21 police officer who becomes a member after June 30, 2023:



1 (1) If a former member who has fewer than five years of  
2 credited service and who has been out of service for a  
3 period of four full calendar years or more after the  
4 year in which the former member left service, or if a  
5 former member who withdrew the former member's  
6 accumulated contributions returns to service, the  
7 former member shall become a member in the same manner  
8 and under the same conditions as anyone first entering  
9 service; however, the former member may obtain  
10 membership service credit in the manner provided by  
11 applicable law for credited service that was forfeited  
12 by the member upon termination of the member's  
13 previous membership. If the member did not withdraw  
14 the former member's accumulated contributions prior to  
15 the former member's return to service, the accumulated  
16 contributions shall be returned to the member as part  
17 of the process of enrolling the member in the system  
18 if the member's accumulated contributions are \$1,000  
19 or less at the time of distribution. If the  
20 accumulated contributions for the service the member  
21 had when the member previously terminated employment



1 are greater than \$1,000 and the member does not make  
2 written application, prior to or contemporaneously  
3 with the member's return to service, for return of the  
4 accumulated contributions, the member may not withdraw  
5 the member's accumulated contributions, except as  
6 provided by section 88-96 or 88-341, until the member  
7 retires or attains age sixty-two. The member shall  
8 not be entitled to service credit by reason of the  
9 system's retention of the member's accumulated  
10 contributions for the service the member had when the  
11 member previously terminated employment.

12 To be eligible for any benefit, the member shall  
13 fulfill the membership service requirements for the  
14 benefit through membership service after again  
15 becoming a member, in addition to meeting any other  
16 eligibility requirement established for the benefit;  
17 provided that the membership service requirement shall  
18 be exclusive of any former service acquired in  
19 accordance with section 88-59 or any other section in  
20 part II, VII, or VIII;



1 (2) If a former member with fewer than five years of  
2 credited service and who did not withdraw the former  
3 member's accumulated contributions returns to service  
4 within four full calendar years after the year in  
5 which the former member left service, the former  
6 member shall again become a member in the same manner  
7 and under the same conditions as anyone first entering  
8 service, except that the member shall be credited with  
9 service credit for the service the member had when the  
10 member terminated employment and:

11 (A) If the member returns to service as a class A or  
12 class B member, the member's new and previous  
13 accumulated contributions shall be combined; or

14 (B) If the member returns to service after June 30,  
15 2006, as a class H member, section 88-321(b)  
16 shall apply; and

17 (3) If a former member with five or more years of credited  
18 service who did not withdraw the former member's  
19 contributions returns to service, the former member's  
20 status shall be in accordance with the provisions  
21 described in section 88-97.



1 (b) For members who become members after June 30, 2012[+],  
2 except police officers who become members after June 30, 2023:

3 (1) If a former member who has fewer than ten years of  
4 credited service and who has been out of service for a  
5 period of four full calendar years or more after the  
6 year in which the former member left service, or if a  
7 former member who withdrew the former member's  
8 accumulated contributions returns to service, the  
9 former member shall become a member in the same manner  
10 and under the same conditions as anyone first entering  
11 service; however, the former member may obtain  
12 membership service credit in the manner provided by  
13 applicable law for credited service that was forfeited  
14 by the member upon termination of the member's  
15 previous membership. If the member did not withdraw  
16 the former member's accumulated contributions prior to  
17 the former member's return to service, the accumulated  
18 contributions shall be returned to the member as part  
19 of the process of enrolling the member in the system  
20 if the member's accumulated contributions are \$1,000  
21 or less at the time of distribution. If the



1 accumulated contributions for the service the member  
2 had when the member previously terminated employment  
3 are greater than \$1,000 and the member does not make  
4 written application, prior to or contemporaneously  
5 with the member's return to service, for return of the  
6 accumulated contributions, the member may not withdraw  
7 the member's accumulated contributions, except as  
8 provided by section 88-96 or 88-341, until the member  
9 retires or attains age sixty-two. The member shall  
10 not be entitled to service credit by reason of the  
11 system's retention of the member's accumulated  
12 contributions for the service the member had when the  
13 member previously terminated employment. To be  
14 eligible for any benefit, the member shall fulfill the  
15 membership service requirements for the benefit  
16 through membership service after again becoming a  
17 member, in addition to meeting any other eligibility  
18 requirement established for the benefit; provided that  
19 the membership service requirement shall be exclusive  
20 of any former service acquired in accordance with



1 section 88-59 or any other section in part II, VII, or  
2 VIII;

3 (2) If a former member with fewer than ten years of  
4 credited service and who did not withdraw the former  
5 member's accumulated contributions returns to service  
6 within four full calendar years after the year in  
7 which the former member left service, the former  
8 member shall again become a member in the same manner  
9 and under the same conditions as anyone first entering  
10 service, except that the member shall be credited with  
11 service credit for the service the member had when the  
12 member terminated employment:

13 (A) If the member returns to service as a class A or  
14 class B member, the member's new and previous  
15 accumulated contributions shall be combined; or

16 (B) If the member returns to service as a class H  
17 member, section 88-321(b) shall apply; and

18 (3) If a former member with ten or more years of credited  
19 service who did not withdraw the former member's  
20 contributions returns to service, the former member's



1 status shall be in accordance with the provisions  
2 described in section 88-97."

3 SECTION 7. Section 88-73, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§88-73 Service retirement.** (a) Any member who:

6 (1) Became a member before July 1, 2012, and has at least  
7 five years of credited service and has attained age  
8 fifty-five;

9 (2) Became a member before July 1, 2012, and has at least  
10 twenty-five years of credited service;

11 (3) Has at least ten years of credited service, which  
12 includes service as a judge before July 1, 1999, an  
13 elective officer, or a legislative officer;

14 (4) Becomes a member after June 30, 2012, and has at least  
15 ten years of credited service and has attained age  
16 sixty; or

17 (5) Becomes a member after June 30, 2012, and has at least  
18 twenty-five years of credited service and has attained  
19 age fifty-five,

20 shall become eligible to receive a retirement allowance after  
21 the member has terminated service[+]; provided that county



1 police officers shall become eligible to receive a retirement  
2 allowance pursuant to section 88-74(i).

3 (b) Notwithstanding subsection (a), any police officer who  
4 becomes a member after June 30, 2023, and who:

5 (1) Has at least five years of credited service as a  
6 police officer and has attained age fifty-five;

7 (2) Has at least twenty-five years of credited service as  
8 a police officer; or

9 (3) Has at least ten years of credited service, which  
10 includes service as a judge before July 1, 1999, an  
11 elective officer, or a legislative officer,

12 shall become eligible to receive a retirement allowance after  
13 the member has terminated service.

14 ~~(b)~~ (c) Any member who first earned credited service as  
15 a judge after June 30, 1999, but before July 1, 2012, and who  
16 has at least five years of credited service and has attained age  
17 fifty-five or has at least twenty-five years of credited service  
18 shall become eligible to receive a retirement allowance after  
19 the member has terminated service. Any member who first earned  
20 credited service as a judge after June 30, 2012, and has at  
21 least ten years of credited service and has attained age sixty



1 or has at least twenty-five years of credited service and has  
2 attained age fifty-five shall be eligible to receive a  
3 retirement allowance after the member has terminated service.

4 ~~[(e)]~~ (d) A member may retire upon the written application  
5 specifying the date of retirement, which shall not be less than  
6 thirty days nor more than one hundred fifty days subsequent to  
7 the date of filing. Retirement shall be effective on the first  
8 day of a month, except for the month of December when retirement  
9 on the first or last day of the month shall be allowed.

10 ~~[(d)]~~ (e) Any member of the legislature who attains age  
11 sixty-five may retire and receive a service retirement allowance  
12 although the member continues to fill the elective position.

13 ~~[(e)]~~ (f) In the case of a class A or B member who also  
14 has prior credited service under part VII or part VIII, total  
15 credited service as a class A, class B, class C, and class H  
16 member shall be used to determine the eligibility for retirement  
17 allowance.

18 ~~[(f)]~~ (g) A member's right to the member's accrued  
19 retirement benefit is nonforfeitable upon the attainment of  
20 normal retirement age and the completion of the requisite years  
21 of credited service.



1 For the purpose of this subsection:  
2 "Normal retirement age" means age sixty-five.  
3 "Requisite years of credited service" means five years for  
4 class A and B members who became members before July 1, 2012,  
5 and police officers who become members after June 30, 2023, and  
6 ten years for class A and B members who became members after  
7 June 30, 2012."

8 SECTION 8. Section 88-74, Hawaii Revised Statutes, is  
9 amended as follows:

10 1. By amending subsection (b) to read:

11 "(b) If a member, who became a member before July 1, 2012,  
12 or who is a police officer who becomes a member after June 30,  
13 2023, has attained age fifty-five, the member's maximum  
14 retirement allowance shall be two per cent of the member's  
15 average final compensation multiplied by the total number of  
16 years of the member's credited service as a class A and class B  
17 member, excluding any credited service as a judge, elective  
18 officer, or legislative officer, plus a retirement allowance of  
19 one and one-fourth per cent of the member's average final  
20 compensation multiplied by the total number of years of prior  
21 credited service as a class C member, plus a retirement



1 allowance of two per cent of the member's average final  
2 compensation multiplied by the total number of years of prior  
3 credited service as a class H member; provided that:

4 (1) After June 30, 1968, if the member has at least ten  
5 years of credited service of which the last five or  
6 more years prior to retirement is credited service as  
7 a firefighter, police officer, or an investigator of  
8 the department of the prosecuting attorney;

9 (2) After June 30, 1977, if the member has at least ten  
10 years of credited service of which the last five or  
11 more years prior to retirement is credited service as  
12 a corrections officer;

13 (3) After June 16, 1981, if the member has at least ten  
14 years of credited service of which the last five or  
15 more years prior to retirement is credited service as  
16 an investigator of the department of the attorney  
17 general;

18 (4) After June 30, 1989, if the member has at least ten  
19 years of credited service of which the last five or  
20 more years prior to retirement is credited service as  
21 a narcotics enforcement investigator;



1 (5) After December 31, 1993, if the member has at least  
2 ten years of credited service of which the last five  
3 or more years prior to retirement is credited service  
4 as a water safety officer;

5 (6) After June 30, 1994, if the member has at least ten  
6 years of credited service, of which the last five or  
7 more years prior to retirement are credited service as  
8 a public safety investigations staff investigator;

9 (7) After June 30, 2002, if the member:

10 (A) Has at least ten years of credited service as a  
11 firefighter;

12 (B) Is deemed permanently medically disqualified due  
13 to a service related disability to be a  
14 firefighter by the employer's physician; and

15 (C) Continues employment in a class A or B position  
16 other than a firefighter; and

17 (8) After June 30, 2004, if the member:

18 (A) Has at least ten years of credited service as a  
19 police officer;



1           (B) Is deemed permanently medically disqualified due  
2           to a service related disability to be a police  
3           officer by the employer's physician; and  
4           (C) Continues employment in a class A or B position  
5           other than a police officer;  
6 then for each year of service as a firefighter, police officer,  
7 corrections officer, investigator of the department of the  
8 prosecuting attorney, investigator of the department of the  
9 attorney general, narcotics enforcement investigator, water  
10 safety officer, or public safety investigations staff  
11 investigator, the retirement allowance shall be two and one-half  
12 per cent of the member's average final compensation. The  
13 maximum retirement allowance for those members shall not exceed  
14 eighty per cent of the member's average final compensation. If  
15 the member has not attained age fifty-five, the member's  
16 retirement allowance shall be computed as though the member had  
17 attained age fifty-five, reduced for age as provided in  
18 subsection (e)."

19           2. By amending subsections (e) and (f) to read:  
20           "(e) Except as provided in subsections (b), (c), and (d),  
21 if a member, who became a member before July 1, 2012, or who is



1 a police officer who becomes a member after June 30, 2023, has  
2 not attained age fifty-five at the date of retirement, the  
3 member's retirement allowance shall be reduced, for each month  
4 the member's age at the date of retirement is below age fifty-  
5 five, as follows:

6 (1) 0.4166 per cent for each month below age fifty-five  
7 and above age forty-nine and eleven months; plus

8 (2) 0.3333 per cent for each month below age fifty and  
9 above age forty-four and eleven months; plus

10 (3) 0.2500 per cent for each month below age forty-five  
11 and above age thirty-nine and eleven months; plus

12 (4) 0.1666 per cent for each month below age forty;

13 provided that no reduction shall be made if the member has at  
14 least twenty-five years of credited service as a firefighter,  
15 police officer, corrections officer, investigator of the  
16 department of the prosecuting attorney, investigator of the  
17 department of the attorney general, narcotics enforcement  
18 investigator, public safety investigations staff investigator,  
19 sewer worker, or water safety officer, of which the last five or  
20 more years prior to retirement is credited service in these  
21 capacities.



1 (f) If a member, who becomes a member after June 30, 2012,  
2 except a police officer who becomes a member after June 30,  
3 2023, has attained age sixty, the member's maximum retirement  
4 allowance shall be one and three-fourths per cent of the  
5 member's average final compensation multiplied by the total  
6 number of years of the member's credited service as a class A  
7 and class B member, excluding any credited service as a judge,  
8 elective officer, or legislative officer, plus a retirement  
9 allowance of one and one-fourth per cent of the member's average  
10 final compensation multiplied by the total number of years of  
11 prior credited service as a class C member, plus a retirement  
12 allowance of one and three-fourths per cent of the member's  
13 average final compensation multiplied by the total number of  
14 years of prior credited service as a class H member; provided  
15 that:

16 (1) If the member has at least ten years of credited  
17 service of which the last five or more years prior to  
18 retirement is credited service as a firefighter,  
19 police officer, or an investigator of the department  
20 of the prosecuting attorney;



1 (2) 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 corrections  
4 officer;

5 (3) If the member has at least ten years of credited  
6 service of which the last five or more years prior to  
7 retirement is credited service as an investigator of  
8 the department of the attorney general;

9 (4) If the member has at least ten years of credited  
10 service of which the last five or more years prior to  
11 retirement is credited service as a narcotics  
12 enforcement investigator;

13 (5) If the member has at least ten years of credited  
14 service, of which the last five or more years prior to  
15 retirement is credited service as a public safety  
16 investigations staff investigator;

17 (6) If the member:  
18 (A) Has at least ten years of credited service as a  
19 firefighter;



1 (B) Is deemed permanently medically disqualified due  
2 to a service related disability to be a  
3 firefighter by the employer's physician; and

4 (C) Continues employment in a class A or class B  
5 position other than a firefighter; and

6 (7) If the member:

7 (A) Has at least ten years of credited service as a  
8 police officer;

9 (B) Is deemed permanently medically disqualified due  
10 to a service related disability to be a police  
11 officer by the employer's physician; and

12 (C) Continues employment in a class A or class B  
13 position other than a police officer,

14 then for each year of service as a firefighter, police officer,  
15 corrections officer, investigator of the department of the  
16 prosecuting attorney, investigator of the department of the  
17 attorney general, narcotics enforcement investigator, or public  
18 safety investigations staff investigator, the retirement  
19 allowance shall be two and one-fourth per cent of the member's  
20 average final compensation. The maximum retirement allowance  
21 for those members shall not exceed eighty per cent of the



1 member's average final compensation. If the member has not  
2 attained age sixty, the member's retirement allowance shall be  
3 computed as though the member had attained age sixty, reduced  
4 for age as provided in subsection (i)."

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

6 "(i) Except as provided in subsections (f), (g), and (h),  
7 if a member, who becomes a member after June 30, 2012, except a  
8 police officer who becomes a member after June 30, 2023, has not  
9 attained age sixty 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 sixty, as  
12 follows:

- 13 (1) 0.4166 per cent for each month below age sixty and  
14 above age fifty-four and eleven months; plus  
15 (2) 0.3333 per cent for each month below age fifty-five  
16 and above age forty-nine and eleven months; plus  
17 (3) 0.2500 per cent for each month below age fifty and  
18 above age forty-four and eleven months; plus  
19 (4) 0.1666 per cent for each month below age forty-five;  
20 provided that no reduction shall be made if the member has  
21 attained the age of fifty-five and has at least twenty-five



1 years of credited service as a firefighter, [~~police officer,~~]  
2 corrections officer, investigator of the department of the  
3 prosecuting attorney, investigator of the department of the  
4 attorney general, narcotics enforcement investigator, public  
5 safety investigations staff investigator, sewer worker, water  
6 safety officer, or emergency medical technician, of which the  
7 last five or more years prior to retirement is credited service  
8 in these capacities[-]; provided further that no reduction shall  
9 be made if the member has at least twenty-five years of credited  
10 service as a county police officer regardless of whether the  
11 member has not attained the age of fifty-five."

12 SECTION 9. Section 88-74.6, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "**§88-74.6 Unreduced allowance on service retirement; when**  
15 **applicable.** In addition to those positions identified in  
16 section 88-74(e) and notwithstanding any law in this part that  
17 requires a member to attain age fifty-five to qualify for an  
18 unreduced service retirement allowance, if a member, who became  
19 a member before July 1, 2012, or who is a police officer who  
20 becomes a member after June 30, 2023, has at least:



1           (1) Thirty years of credited service through June 30,  
2                    2003;  
3           (2) Twenty-nine years of credited service on or after  
4                    July 1, 2004;  
5           (3) Twenty-eight years of credited service on or after  
6                    July 1, 2005;  
7           (4) Twenty-seven years of credited service on or after  
8                    July 1, 2006;  
9           (5) Twenty-six years of credited service on or after  
10                   July 1, 2007; or  
11           (6) Twenty-five years of credited service on or after  
12                   July 1, 2008,  
13 as an emergency medical technician, of which the last five or  
14 more years prior to retirement is credited service in that  
15 capacity, then upon retirement and irrespective of age, that  
16 member's service retirement allowance shall not be reduced for  
17 actuarial purposes."

18           SECTION 10. Section 88-74.8, Hawaii Revised Statutes, is  
19 amended by amending subsection (f) to read as follows:

1           "(f) This section shall not apply to accrued retirement  
2 benefits that are non-forfeitable pursuant to sections [~~88-~~  
3 ~~73(f),~~] 88-73(g), 88-281(g), and 88-331(f)."

4           SECTION 11. Section 88-81, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

6           "(b) The average final compensation of members shall be  
7 calculated as follows:

8           (1) For employees who become members before January 1,  
9           1971:

10           (A) During the member's five highest paid years of  
11           credited service, including vacation pay, or the  
12           three highest paid years of credited service  
13           excluding vacation pay, whichever is greater; or

14           (B) If the member has fewer than three years of  
15           credited service, during the member's actual  
16           years of credited service;

17           (2) For employees who become members after December 31,  
18           1970, but before July 1, 2012:

19           (A) During the member's three highest paid years of  
20           credited service, excluding vacation pay; or



1 (B) If the member has fewer than three years of  
2 credited service, during the member's actual  
3 years of credited service; [~~and~~]

4 (3) For employees, except police officers as set forth in  
5 paragraph (4), who become members after June 30, 2012:

6 (A) During the member's five highest paid years of  
7 credited service, excluding vacation pay; or

8 (B) If the member has fewer than five years of  
9 credited service, during the member's actual  
10 years of credited service[~~-~~]; and

11 (4) For police officers who become members after June 30,  
12 2023;

13 (A) During the member's three highest paid years of  
14 credited service, excluding vacation pay; or

15 (B) If the member has fewer than three years of  
16 credited service, during the member's actual  
17 years of credited service."

18 SECTION 12. Section 88-90, Hawaii Revised Statutes, is  
19 amended by amending subsection (c) to read as follows:

20 "(c) Notwithstanding subsections (a) and (b), for  
21 employees who become members after June 30, 2012, and for any



1 person who receives a monthly pension, annuity or retirement  
2 allowance as a beneficiary or survivor of the employee, the post  
3 retirement allowance shall consist of an amount equivalent to  
4 one and one-half per cent of the monthly pension, annuity, or  
5 retirement allowance as originally computed and paid. Payment  
6 of the benefit shall commence on the first day of July following  
7 the calendar year in which the payment of the pension, annuity  
8 or retirement allowance is effective. This subsection shall not  
9 apply to police officers who become members after June 30,  
10 2023."

11 SECTION 13. Section 88-96, Hawaii Revised Statutes, is  
12 amended by amending subsections (a) and (b) to read as follows:

13 "(a) Any member who ceases to be an employee and who  
14 became a member before July 1, 2012, or who is a police officer  
15 who becomes a member after June 30, 2023, and has fewer than  
16 five years of credited service, excluding unused sick leave, or  
17 who becomes a member after June 30, 2012, and has fewer than ten  
18 years of credited service, excluding sick leave, shall, upon  
19 application to the board, be paid all of the member's  
20 accumulated contributions and the member's membership shall  
21 thereupon terminate and all credited service shall be forfeited;



1 provided that a member shall not be paid the member's  
2 accumulated contributions:

3 (1) If the member becomes an employee again within fifteen  
4 calendar days from the date the member ceased to be an  
5 employee; or

6 (2) If, at the time the application for return of  
7 accumulated contributions is received by the board,  
8 the member has become an employee again.

9 Regular interest shall be credited to the former employee's  
10 account until the former employee's accumulated contributions  
11 are returned to the former employee; provided that the former  
12 employee's membership shall not continue after the fourth full  
13 year following the calendar year in which the individual's  
14 employment terminates. Upon termination of the former  
15 employee's membership, the former employee's credited service  
16 shall be forfeited and, if the former employee's accumulated  
17 contributions are \$1,000 or less at the time of distribution,  
18 the system shall return the former employee's contributions to  
19 the former employee. If the former employee does not become an  
20 employee again and if the former employee's accumulated  
21 contributions have not been withdrawn by the former employee or



1 previously returned by the system to the former employee, the  
2 system shall return the former employee's accumulated  
3 contributions to the former employee as soon as possible after  
4 the later of: (A) the former employee attaining age sixty-two;  
5 or (B) the termination of the former employee's membership.

6 (b) Any member who ceases to be an employee and who became  
7 a member before July 1, 2012, or who is a police officer who  
8 becomes a member after June 30, 2023, and has more than five  
9 years of credited service, excluding unused sick leave, or who  
10 becomes a member after June 30, 2012, and has more than ten  
11 years of credited service, excluding sick leave, shall, upon  
12 application to the board, be paid all of the member's  
13 accumulated contributions and thereupon the former employee's  
14 membership shall terminate and all credited service shall be  
15 forfeited; provided that a member shall not be paid the member's  
16 accumulated contributions:

17 (1) If the member becomes an employee again within fifteen  
18 calendar days from the date the member ceased to be an  
19 employee; or



1 (2) If, at the time the application for return of  
2 accumulated contributions is received by the board,  
3 the member has become an employee again.

4 If the contributions are not withdrawn by the former  
5 employee within four calendar years following the calendar year  
6 in which the former employee's employment terminates, the former  
7 employee shall have established vested benefit status and shall  
8 be eligible for the service retirement benefit in effect at the  
9 time of the former employee's retirement, payable in accordance  
10 with this chapter; provided that if the former employee  
11 withdraws the former employee's accumulated contributions, the  
12 former employee's vested benefit status shall terminate and all  
13 credited service shall be forfeited."

14 SECTION 14. Section 88-311, Hawaii Revised Statutes, is  
15 amended by amending the definition of "hypothetical account  
16 balance" to read as follows:

17 ""Hypothetical account balance" means:

18 (1) For members who became members before July 1, 2012, or  
19 police officers who became members after June 30,  
20 2023, the sum of:

21 (A) One and one-half times the sum of:



- 1 (i) Employee contributions made, either by the
- 2 member or on behalf of the member, pursuant
- 3 to section 88-325;
- 4 (ii) Accumulated interest at the regular interest
- 5 rate on the employee contributions; and
- 6 (B) Any employee contributions, including rollovers
- 7 and contributions used to convert credited
- 8 service to class H credited service, or used to
- 9 purchase service, and accumulated interest on the
- 10 employee contributions at the regular interest
- 11 rate; or
- 12 (2) For members who become members after June 30, 2012,
- 13 the sum of:
- 14 (A) One and one-fifth times the sum of:
- 15 (i) Employee contributions made, either by the
- 16 member or on behalf of the member, pursuant
- 17 to section 88-325; and
- 18 (ii) Accumulated interest at the regular interest
- 19 rate on the employee contributions; and
- 20 (B) Any employee contributions, including rollovers
- 21 and contributions used to convert credited



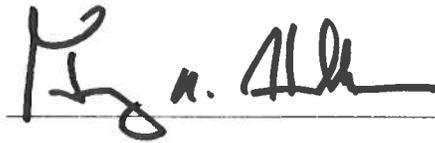
1 service to class H credited service, or used to  
2 purchase service, and accumulated interest on the  
3 employee contributions at the regular interest  
4 rate."

5 SECTION 15. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 16. This Act shall take effect on July 1, 2023;  
8 provided that the amendments made to sections 88-45 and 88-74,  
9 Hawaii Revised Statutes, by sections 5 and 8 of this Act,  
10 respectively, shall not be repealed when those sections are  
11 amended on January 1, 2024, by section 17(d) of Act 278, Session  
12 Laws of Hawaii 2022.

13

INTRODUCED BY:



JAN 19 2023



# H.B. NO. 387

**Report Title:**

Employees' Retirement System; Police Officers; Retirement; Medical Coverage; Spousal Benefits; Minimum Age; Years of Credited Service

**Description:**

Provides police officers who become members of the ERS after 6/30/2023 with retirement benefits similar to those provided for members of the ERS who became members before 7/1/2012, including but not limited to calculation of retirement allowance, minimum age or years of credited service requirements, and vesting period. Allows retired police officers hired after 6/30/01 to be treated as if employment began before 7/1/01 in order to maintain spousal health benefits.

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

