
A BILL FOR AN ACT

RELATING TO DEFERRED RETIREMENT FOR POLICE.

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

1 SECTION 1. The legislature finds that the recruitment and
2 retention of police officers has been difficult for counties and
3 their respective police departments. The implementation of a
4 deferred retirement option program would incentivize qualified
5 police officers to continue working beyond the requisite
6 twenty-five years of service and to carry on protecting and
7 serving the community. Deferred retirement option programs have
8 been increasingly utilized in many other states and
9 municipalities as an incentive for quality workers to delay
10 retirement.

11 The purpose of this Act is to establish a deferred
12 retirement option program for police and to provide a retention
13 tool for county police departments to incentivize qualified
14 officers who are eligible for retirement to continue working.

15 SECTION 2. Section 88-9, Hawaii Revised Statutes, is
16 amended as follows:

17 1. By amending subsection (a) to read:



1 "(a) [A] Except for police officers enrolled in the
2 deferred retirement option program, a retirant may not be
3 employed by the State or by any county unless the retirant is
4 reenrolled in the system pursuant to this chapter, or unless the
5 employment, without reenrollment, is authorized by this section.
6 A retirant whose employment without reenrollment in the system
7 is authorized by this section shall acquire no service credit or
8 retirement rights under this chapter with respect to the
9 employment and shall not be considered to be in service for
10 purposes of this chapter."

11 2. By amending subsection (d) to read:

12 "(d) A retirant may be employed without reenrollment in
13 the system and suffer no loss or interruption of benefits
14 provided by the system or under chapter 87A if the retirant is
15 employed:

16 (1) As an elective officer pursuant to section 88-42.6(c)
17 or as a member of the legislature pursuant to
18 section 88-73(d);

19 (2) As a juror or precinct official;

20 (3) As a part-time or temporary employee excluded from
21 membership in the system pursuant to section 88-43, as



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1 a session employee excluded from membership in the
2 system pursuant to section 88-54.2, as the president
3 and chief executive officer of the Hawaii tourism
4 authority excluded from membership in the system
5 pursuant to section 201B-2, or as any other employee
6 expressly excluded by law from membership in the
7 system; provided that:

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

11 (B) No agreement was entered into between the State
12 or a county and the retirant, prior to the
13 retirement of the retirant, for the return to
14 work by the retirant after retirement;

15 (4) In a position identified by the appropriate
16 jurisdiction as a labor shortage or difficult-to-fill
17 position; provided that:

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



1 (B) No agreement was entered into between the State
2 or a county and the retirant, prior to the
3 retirement of the retirant, for the return to
4 work by the retirant after retirement; and

5 (C) Each employer shall contribute to the pension
6 accumulation fund the required percentage of the
7 rehired retirant's compensation to amortize the
8 system's unfunded actuarial accrued liability;
9 [~~e~~]

10 (5) As a teacher or an administrator in a teacher shortage
11 area identified by the department of education or in a
12 charter school or as a mentor for new classroom
13 teachers; provided that:

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

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



1 (C) The department of education or charter school
 2 shall contribute to the pension accumulation fund
 3 the required percentage of the rehired retirant's
 4 compensation to amortize the system's unfunded
 5 actuarial accrued liability[-]; or

6 (6) As a police officer and enrolled in the deferred
 7 retirement option program."

8 SECTION 3. Section 88-98, Hawaii Revised Statutes, is
 9 amended to read as follows:

10 **"§88-98 Return to service of a retirant.** (a) Any
 11 retirant, except a police officer retirant enrolled in the
 12 deferred retirement option program, who returns to employment
 13 requiring active membership in the system shall be reenrolled as
 14 an active member of the system in the same class from which the
 15 retirant originally retired and the retirant's retirement
 16 allowance shall be suspended.

17 (1) If the retirant returns to service before July 1,
 18 1998, and again retires, the retirant's retirement
 19 allowance shall consist of:

20 (A) For members with fewer than three years of
 21 credited service during the member's period of



1 reemployment, the allowance to which the member
2 was entitled under the retirement allowance
3 option selected when the member previously
4 retired and which was suspended; plus, for the
5 period of service during the member's
6 reemployment, the allowance to which the member
7 is entitled for that service based on the
8 retirement allowance option initially selected
9 and computed for the member's age, average final
10 compensation, and other factors in accordance
11 with the benefit formula under section 88-74 in
12 existence at the time of the member's latest
13 retirement; or

14 (B) For members with three or more years of credited
15 service during the member's period of
16 reemployment, the allowance computed as if the
17 member were retiring for the first time; provided
18 that in no event shall the allowance be less than
19 the amount determined in accordance with
20 subparagraph (A); and



1 (2) If the retirant returns to service after June 30,
2 1998, and again retires, the retirant's retirement
3 allowance shall be computed in accordance with
4 paragraph (1)(A), regardless of the number of years of
5 service in the reemployment period.

6 (b) Any retirant who received the special retirement
7 incentive benefit under Act 253, Session Laws of Hawaii 2000, as
8 amended by Act 131, Session Laws of Hawaii 2002, and is
9 reemployed by the State or a county in any capacity shall:

- 10 (1) Have the retirant's retirement allowance suspended;
- 11 (2) Forfeit the special retirement incentive benefit and
12 any related benefit provided by this chapter; and
- 13 (3) Be subject to the age and service requirements under
14 section 88-73 when the member again retires.

15 (c) If a retirant's maximum retirement allowance upon the
16 retirant's initial retirement was subject to the limits on
17 maximum retirement allowance under section 88-74:

- 18 (1) The limit shall apply to the computation of the
19 retirant's maximum retirement allowance for the
20 retirant's period of service during the retirant's
21 reemployment, so that the sum of:



1 (A) The per cent by which the retirant's average
2 final compensation for the retirant's years of
3 service prior to the retirant's initial
4 retirement is multiplied to determine the
5 retirant's maximum retirement allowance upon the
6 retirant's initial retirement; and

7 (B) The per cent by which the retirant's average
8 final compensation for any period of reemployment
9 after the retirant's initial retirement is
10 multiplied to determine the retirant's maximum
11 retirement allowance for the period of
12 reemployment,

13 shall not exceed the limit, under section 88-74, on
14 the per cent by which the retirant's average final
15 compensation may be multiplied for the purpose of
16 determining the retirant's maximum retirement
17 allowance. For example, if a retirant's maximum
18 retirement allowance upon the retirant's initial
19 retirement was limited by section 88-74 to eighty per
20 cent of the retirant's average final compensation, and
21 the retirant retired with a maximum allowance equal to



1 seventy per cent of the retirant's average final
2 compensation, the retirant's maximum allowance for the
3 retirant's period of reemployment may not exceed ten
4 per cent of the retirant's average final compensation
5 for the retirant's period of reemployment; and

6 (2) If the retirant's maximum retirement allowance upon
7 the retirant's initial retirement was equal to or
8 greater than the applicable limit under section 88-74,
9 the retirant shall not earn service credit or earn any
10 additional retirement allowance during the retirant's
11 period of reemployment, and the reemployed retirant
12 shall not make any contributions under section 88-45.

13 (d) If a retirant's designation of beneficiary was
14 irrevocable upon the retirant's initial retirement, the retirant
15 may not change the retirant's designated beneficiary when the
16 retirant returns to service or when the former retirant again
17 retires.

18 (e) A retirant who returns to service shall not be
19 considered to be "in service", for the purposes of
20 section 88-75, 88-79, 88-84, or 88-85, or any other provision of
21 this chapter providing for benefits arising out of the



1 disability or death of a member. A retirant who returns to
2 service and dies during the period of reemployment shall be
3 considered to have retired again effective as of the first day
4 of the month following the month in which the death occurs,
5 except for death during the month of December when the effective
6 date of retirement may be the last day of the month.

7 (f) There is established a deferred retirement option
8 program for police officers. A police officer who has reached
9 the service requirements for retirement shall be eligible to
10 enter the deferred retirement option program. Terms of the
11 deferred retirement option program shall be as follows:

12 (1) Once enrolled in the deferred retirement option
13 program, the enrollee's service and benefit levels
14 shall be locked as of the effective date of
15 enrollment;

16 (2) Pension payments for deferred retirement option
17 program enrollees shall be deposited to a deferred
18 retirement option program account each month with
19 investment earnings or losses at a rate equal to the
20 pension plan's actual investment return, net of
21 investment expenses, and shall be paid upon



- 1 termination from the program in accordance with rules
2 adopted by the board;
- 3 (3) Police officers enrolled in the deferred retirement
4 option program shall enroll within twelve months of
5 eligibility for normal retirement;
- 6 (4) Enrollees may participate for a maximum of one hundred
7 twenty months as long as the tenure of the enrollee
8 does not exceed thirty-five total years;
- 9 (5) Enrollment in the deferred retirement option program
10 shall cease if an enrollee is unable to continue as an
11 active police officer for longer than twenty working
12 days excluding vacation days;
- 13 (6) Deferred retirement option program enrollees shall not
14 pay into the retirement system;
- 15 (7) Deferred retirement option program enrollees shall
16 accrue sick and vacation leave credits;
- 17 (8) Vacation leave credits shall be paid into the
18 enrollee's deferred retirement option program account
19 upon termination from the program;
- 20 (9) Sick leave credits shall not be paid upon termination
21 and shall not count toward any retirement payments;



1 (10) Deferred retirement option participants shall receive
2 healthcare benefits as retirees;

3 (11) Upon participation in the deferred retirement option
4 program, the member shall be deemed a retiree of the
5 pension fund;

6 (12) Deferred retirement option program participants shall
7 not receive a disability benefit from the pension plan
8 since they are already retired;

9 (12) No additional service credit shall accrue; and

10 (13) Deferred retirement option program enrollees shall not
11 be eligible for deferred compensation.

12 (g) The board shall adopt any rules as may be required to
13 administer this section."

14 SECTION 4. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect upon its approval.

17

INTRODUCED BY: *Nathan K. Johnson*
By Request

JAN 16 2025



H.B. NO. 377

Report Title:

Hawaii State Association of Counties Package; Retirement;
Pension; Benefits; Police

Description:

Establishes a deferred retirement option program to allow
qualified officers who are eligible for retirement to continue
working.

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

