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# A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

1 PART I

2 SECTION 1. Section 88-74, Hawaii Revised Statutes, is  
3 amended by amending subsection (f) to read as follows:

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



- 1 (1) If the member has at least ten years of credited  
2 service, of which the last five or more years [~~prior~~  
3 ~~to~~] before retirement is credited service as a  
4 firefighter, a police officer, a sheriff, a deputy  
5 sheriff, or an investigator of the department of the  
6 prosecuting attorney;
- 7 (2) If the member has at least ten years of credited  
8 service, of which the last five or more years [~~prior~~  
9 ~~to~~] before retirement is credited service as a  
10 corrections officer;
- 11 (3) If the member has at least ten years of credited  
12 service, of which the last five or more years [~~prior~~  
13 ~~to~~] before retirement is credited service as an  
14 investigator of the department of the attorney  
15 general;
- 16 (4) If the member has at least ten years of credited  
17 service, of which the last five or more years [~~prior~~  
18 ~~to~~] before retirement is credited service as a  
19 narcotics enforcement investigator;
- 20 (5) If the member has at least ten years of credited  
21 service, of which the last five or more years [~~prior~~



1           ~~to~~ before retirement is credited service as a law  
2           enforcement investigations staff investigator;

3           (6) If the member:

4           (A) Has at least ten years of credited service as a  
5           firefighter;

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

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

11          (7) If the member:

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

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

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

19 then for each year of service as a firefighter, police officer,  
20 [~~corrections officer,~~] sheriff, deputy sheriff, investigator of  
21 the department of the prosecuting attorney, corrections officer,



1 investigator of the department of the attorney general,  
2 narcotics enforcement investigator, or law enforcement  
3 investigations staff investigator, the retirement allowance  
4 shall be two and one-fourth per cent of the member's average  
5 final compensation. The maximum retirement allowance for those  
6 members shall not exceed eighty per cent of the member's average  
7 final compensation. If the member has not attained age sixty,  
8 the member's retirement allowance shall be computed as though  
9 the member had attained age sixty, reduced for age as provided  
10 in subsection (i)."

11 PART II

12 SECTION 2. The legislature finds that employees who became  
13 members of the employees' retirement system before July 1, 2012,  
14 commonly referred to as "Tier 1 members", are required to have a  
15 minimum of five years of credited service to be eligible for  
16 vested benefit status, which, among other things, permits a  
17 member to receive a retirement allowance upon service  
18 retirement. By contrast, employees who become members after  
19 June 30, 2012, commonly referred to as "Tier 2 members", are  
20 required to have a minimum of ten years of credited service to  
21 be eligible for vested benefit status.



1           Although the two-tier member structure has assisted the  
2 employees' retirement system in its efforts to achieve full  
3 funding of its actuarial accrued liability, actuaries have  
4 determined that reducing the minimum number of years of credited  
5 service Tier 2 members must have to be eligible for vested  
6 benefit status from ten years to five years to match Tier 1  
7 members would increase the projected full funding period only by  
8 an estimated four additional months and would require an  
9 increase in employer contribution rates of less than a quarter  
10 per cent.

11           The legislature also finds that reducing the minimum number  
12 of years of credited service Tier 2 members must have to be  
13 eligible for vested benefit status from ten years to five years  
14 would help state and county employers with the recruitment and  
15 retention of qualified employees. Reducing employee turnover  
16 and retaining employees on the job longer may also help to  
17 reduce employer costs. The legislature further finds that these  
18 benefits outweigh impacts to the employees' retirement system's  
19 unfunded liability and projected full funding period, as well as  
20 to employer contributions.



1 Notwithstanding section 88-99, Hawaii Revised Statutes, the  
2 purpose of this part is to:

- 3 (1) Reduce the minimum number of years of credited service  
4 qualified Tier 2 members must have to be eligible for  
5 vested benefit status for service retirement allowance  
6 purposes from ten years to five years; and  
7 (2) Increase employer contributions to offset the  
8 liability produced by the vesting changes.

9 SECTION 3. Section 88-62, Hawaii Revised Statutes, is  
10 amended by amending subsection (b) to read as follows:

11 "(b) [~~For~~] Notwithstanding section 88-99, for members who  
12 become members after June 30, 2012:

- 13 (1) If a former member who has fewer than ten years of  
14 credited service and who has been out of service for a  
15 period of four full calendar years or more after the  
16 year in which the former member left service, or if a  
17 former member who withdrew the former member's  
18 accumulated contributions returns to service, the  
19 former member shall become a member in the same manner  
20 and under the same conditions as anyone first entering  
21 service; [~~however,~~] provided that the former member



1 may obtain membership service credit in the manner  
2 provided by applicable law for credited service that  
3 was forfeited by the member upon termination of the  
4 member's previous membership. If the member did not  
5 withdraw the former member's accumulated contributions  
6 [~~prior to~~] before the former member's return to  
7 service, the accumulated contributions shall be  
8 returned to the member as part of the process of  
9 enrolling the member in the system if the member's  
10 accumulated contributions are \$1,000 or less at the  
11 time of distribution. If the accumulated  
12 contributions for the service the member had when the  
13 member previously terminated employment are greater  
14 than \$1,000 and the member does not make written  
15 application, [~~prior to~~] before or contemporaneously  
16 with the member's return to service, for return of the  
17 accumulated contributions, the member may not withdraw  
18 the member's accumulated contributions, except as  
19 provided by section 88-96 or 88-341, until the member  
20 retires or attains age sixty-two. The member shall  
21 not be entitled to service credit by reason of the



1 system's retention of the member's accumulated  
2 contributions for the service the member had when the  
3 member previously terminated employment. To be  
4 eligible for any benefit, the member shall fulfill the  
5 membership service requirements for the benefit  
6 through membership service after again becoming a  
7 member, in addition to meeting any other eligibility  
8 requirement established for the benefit; provided that  
9 the membership service requirement shall be exclusive  
10 of any former service acquired in accordance with  
11 section 88-59 or any other section in part II, VII, or  
12 VIII;

13 (2) If a former member with fewer than ten years of  
14 credited service and who did not withdraw the former  
15 member's accumulated contributions returns to service  
16 within four full calendar years after the year in  
17 which the former member left service, the former  
18 member shall again become a member in the same manner  
19 and under the same conditions as anyone first entering  
20 service[~~, except~~]; provided that the member shall be  
21 credited with service credit for the service the



1 member had when the member terminated employment[+];  
2 provided further that:

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

6 (B) If the member returns to service as a class H  
7 member, section 88-321(b) shall apply; [and]

8 (3) ~~If a former member [with ten or more years of credited~~  
9 ~~service who did not withdraw the former member's~~  
10 ~~contributions]~~ who has vested benefit status as  
11 provided in section 88-96(b) returns to service, the  
12 former member's status shall be in accordance with the  
13 provisions described in section 88-97[-];

14 (4) If a former member who has fewer than five years of  
15 credited service and who has been out of service for a  
16 period of four full calendar years or more after the  
17 year in which the former member left service, or if a  
18 former member withdrew the former member's accumulated  
19 contributions, returns to service and remains in  
20 service as of July 1, 2027, or returns to service  
21 after June 30, 2027, the former member shall become a



1 member in the same manner and under the same  
2 conditions as anyone first entering service; provided  
3 that the former member may obtain membership service  
4 credit in the manner provided by applicable law for  
5 credited service that was forfeited by the member upon  
6 termination of the member's previous membership. If  
7 the member did not withdraw the former member's  
8 accumulated contributions before the former member's  
9 return to service, the accumulated contributions shall  
10 be returned to the member as part of the process of  
11 enrolling the member in the system if the member's  
12 accumulated contributions are \$1,000 or less at the  
13 time of distribution. If the accumulated  
14 contributions for the service the member had when the  
15 member previously terminated employment are greater  
16 than \$1,000 and the member does not make written  
17 application, before or contemporaneously with the  
18 member's return to service, for return of the  
19 accumulated contributions, the member may not withdraw  
20 the member's accumulated contributions, except as  
21 provided by section 88-96 or 88-341, until the member



1 retires or attains age sixty-two. The member shall  
2 not be entitled to service credit by reason of the  
3 system's retention of the member's accumulated  
4 contributions for the service the member had when the  
5 member previously terminated employment. To be  
6 eligible for any benefit, the member shall fulfill the  
7 membership service requirements for the benefit  
8 through membership service after again becoming a  
9 member, in addition to meeting any other eligibility  
10 requirement established for the benefit; provided that  
11 the membership service requirement shall be exclusive  
12 of any former service acquired in accordance with  
13 section 88-59 or any other section in part II, VII, or  
14 VIII; and

- 15 (5) If a former member who has fewer than five years of  
16 credited service and who did not withdraw the former  
17 member's accumulated contributions returns to service  
18 and remains in service as of July 1, 2027, or returns  
19 to service after June 30, 2027, and who returns to  
20 service within four full calendar years after the year  
21 in which the former member left service, the former



1           member shall again become a member in the same manner  
 2           and under the same conditions as anyone first entering  
 3           service; provided that the member shall be credited  
 4           with service credit for the service the member had  
 5           when the member terminated employment; provided  
 6           further that:

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

10          (B) If the member returns to service as a class H  
 11          member, section 88-321(b) shall apply."

12           SECTION 4. Section 88-73, Hawaii Revised Statutes, is  
 13 amended as follows:

14           1. By amending subsections (a) and (b) to read:

15           "(a) ~~[Any]~~ Notwithstanding section 88-99, any member who:

16           (1) Became a member before July 1, 2012, ~~[and]~~ has at  
 17           least five years of credited service, and has attained  
 18           age fifty-five;

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



- 1 (3) Has at least ten years of credited service, which  
2 includes service as a judge before July 1, 1999, an  
3 elective officer, or a legislative officer;
- 4 (4) Becomes a member after June 30, 2012, [~~and~~] has at  
5 least ten years of credited service, and has attained  
6 age sixty; [~~or~~]
- 7 (5) Becomes a member after June 30, 2012, [~~and~~] has at  
8 least twenty-five years of credited service, and has  
9 attained age fifty-five[~~r~~];
- 10 (6) Becomes a member after June 30, 2012, and who is in  
11 service as of July 1, 2027, or who returns to service  
12 after June 30, 2027, and has at least five years of  
13 credited service and has attained the age of sixty; or
- 14 (7) Becomes a member after June 30, 2027, and has at least  
15 five years of credited service and has attained the  
16 age of sixty,

17 shall become eligible to receive a retirement allowance after  
18 the member has terminated service.

19 (b) Any member who first earned credited service as a  
20 judge after June 30, 1999, but before July 1, 2012, and who has  
21 at least five years of credited service and has attained age



1 fifty-five or has at least twenty-five years of credited service  
2 shall become eligible to receive a retirement allowance after  
3 the member has terminated service. Any member who first earned  
4 credited service as a judge after June 30, 2012, and has at  
5 least ten years of credited service and has attained age sixty  
6 or has at least twenty-five years of credited service and has  
7 attained age fifty-five shall be eligible to receive a  
8 retirement allowance after the member has terminated service.  
9 Any member who first earned credited service as a judge after  
10 June 30, 2012, and who is in service as of July 1, 2027, or who  
11 returns to service after June 30, 2027, and has at least five  
12 years of credited service and has attained age sixty; or who  
13 becomes a member after June 30, 2027, and has at least five  
14 years of credited service and has attained age sixty, shall be  
15 eligible to receive a retirement allowance after the member has  
16 terminated service."

17 2. By amending subsection (f) to read:

18 "(f) A member's right to the member's accrued retirement  
19 benefit is nonforfeitable upon the attainment of normal  
20 retirement age and the completion of the requisite years of  
21 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 ten years for class A and B members who became members after  
6 June 30, 2012~~[-]~~; five years for class A and B members who  
7 became members after June 30, 2012, and who are in service as of  
8 July 1, 2027, or who returned to service after June 30, 2027;  
9 and five years for class A and B members who became members  
10 after June 30, 2027."

11 SECTION 5. 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, and has fewer than five  
15 years of credited service, excluding unused sick leave~~[-]~~; or  
16 who becomes a member after June 30, 2012, and has fewer than ten  
17 years of credited service, excluding unused sick leave~~[-]~~; or  
18 who becomes a member after June 30, 2012, and who is in service  
19 as of July 1, 2027, or who returns to service after June 30,  
20 2027, and has fewer than five years of credited service,  
21 excluding unused sick leave; or who becomes a member after



1 June 30, 2027, and has fewer than five years of credited  
2 service, excluding unused sick leave, shall, upon application to  
3 the board, be paid all of the member's accumulated contributions  
4 and the member's membership shall thereupon terminate and all  
5 credited service shall be forfeited; provided that a member  
6 shall not be paid the member's accumulated contributions:

7 (1) If the member becomes an employee again within fifteen  
8 calendar days from the date the member ceased to be an  
9 employee; or

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

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



1 the system shall return the former employee's contributions to  
2 the former employee. If the former employee does not become an  
3 employee again and if the former employee's accumulated  
4 contributions have not been withdrawn by the former employee or  
5 previously returned by the system to the former employee, the  
6 system shall return the former employee's accumulated  
7 contributions to the former employee as soon as possible after  
8 the later of [~~:(A)~~] the former employee attaining age sixty-  
9 two[+] or [~~(B)~~] the termination of the former employee's  
10 membership.

11 (b) Any member who ceases to be an employee and who became  
12 a member before July 1, 2012, and has more than five years of  
13 credited service, excluding unused sick leave[+]; or who becomes  
14 a member after June 30, 2012, and has more than ten years of  
15 credited service, excluding unused sick leave[+]; or who becomes  
16 a member after June 30, 2012, and who is in service as of  
17 July 1, 2027, or who returns to service after June 30, 2027, and  
18 has more than five years of credited service, excluding unused  
19 sick leave; or who becomes a member after June 30, 2027, and has  
20 more than five years of credited service, excluding unused sick  
21 leave, shall, upon application to the board, be paid all of the



1 member's accumulated contributions and thereupon the former  
2 employee's membership shall terminate and all credited service  
3 shall be forfeited; provided that a member shall not be paid the  
4 member's accumulated contributions:

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

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

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



1 SECTION 6. Section 88-122, Hawaii Revised Statutes, is  
2 amended by amending subsection (e) to read as follows:

3 "(e) Commencing with fiscal year 2005-2006 and each  
4 subsequent fiscal year until fiscal year 2007-2008, the employer  
5 contributions for normal cost and accrued liability for each of  
6 the two groups of employees in subsection (a) shall be based on  
7 fifteen and three-fourths per cent of the member's compensation  
8 for police officers, firefighters, and corrections officers and  
9 thirteen and three-fourths per cent of the member's compensation  
10 for all other employees. Commencing with fiscal year 2008-2009  
11 and each subsequent fiscal year until fiscal year 2011-2012, the  
12 employer contributions for normal cost and accrued liability for  
13 each of the two groups of employees in subsection (a) shall be  
14 based on nineteen and seven-tenths per cent of the member's  
15 compensation for police officers, firefighters, and corrections  
16 officers and fifteen per cent of the member's compensation for  
17 all other employees. In fiscal year 2012-2013, the employer  
18 contributions for normal cost and accrued liability for each of  
19 the two groups of employees in subsection (a) shall be based on  
20 twenty-two per cent of the member's compensation for police  
21 officers, firefighters, and corrections officers and fifteen and



1 one-half per cent of the member's compensation for all other  
2 employees. In fiscal year 2013-2014, the employer contributions  
3 for normal cost and accrued liability for each of the two groups  
4 of employees in subsection (a) shall be based on twenty-three  
5 per cent of the member's compensation for police officers,  
6 firefighters, and corrections officers and sixteen per cent of  
7 the member's compensation for all other employees. In fiscal  
8 year 2014-2015, the employer contributions for normal cost and  
9 accrued liability for each of the two groups of employees in  
10 subsection (a) shall be based on twenty-four per cent of the  
11 member's compensation for police officers, firefighters, and  
12 corrections officers and sixteen and one-half per cent of the  
13 member's compensation for all other employees. Commencing with  
14 fiscal year 2015-2016 until fiscal year 2016-2017, the employer  
15 contributions for normal cost and accrued liability for each of  
16 the two groups of employees in subsection (a) shall be based on  
17 twenty-five per cent of the member's compensation for police  
18 officers, firefighters, and corrections officers and seventeen  
19 per cent of the member's compensation for all other employees.  
20 In fiscal year 2017-2018, the employer contributions for normal  
21 cost and accrued liability for each of the two groups of



1 employees in subsection (a) shall be based on twenty-eight per  
2 cent of the member's compensation for police officers,  
3 firefighters, and corrections officers and eighteen per cent of  
4 the member's compensation for all other employees. In fiscal  
5 year 2018-2019, the employer contributions for normal cost and  
6 accrued liability for each of the two groups in subsection (a)  
7 shall be based on thirty-one per cent of the member's  
8 compensation for police officers, firefighters, and corrections  
9 officers and nineteen per cent of the member's compensation for  
10 all other employees. In fiscal year 2019-2020, the employer  
11 contributions for normal cost and accrued liability for each of  
12 the two groups in subsection (a) shall be based on thirty-six  
13 per cent of the member's compensation for police officers,  
14 firefighters, and corrections officers and twenty-two per cent  
15 of the member's compensation for all other employees.  
16 Commencing with fiscal year 2020-2021 and each subsequent fiscal  
17 year[7] until fiscal year 2024-2025, the employer contributions  
18 for normal cost and accrued liability for each of the two groups  
19 in subsection (a) shall be based on forty-one per cent of the  
20 member's compensation for police officers, firefighters, and  
21 corrections officers and twenty-four per cent of the member's



1 compensation for all other employees. Commencing with fiscal  
 2 year 2025-2026 and each subsequent fiscal year, the employer  
 3 contributions for normal cost and accrued liability for each of  
 4 the two groups in subsection (a) shall be based on 41.19 per  
 5 cent of the member's compensation for police officers,  
 6 firefighters, and corrections officers and 24.19 per cent of the  
 7 member's compensation for all other employees. The contribution  
 8 rates shall amortize the total unfunded accrued liability of the  
 9 entire plan over a period not to exceed the maximum funding  
 10 period.

- 11 The contribution rates shall be subject to adjustment:
- 12 (1) If the actual period required to amortize the unfunded
  - 13 accrued liability exceeds the maximum funding period;
  - 14 (2) If there is no unfunded accrued liability; or
  - 15 (3) Based on the actuarial investigation conducted in
  - 16 accordance with section 88-105."

17 SECTION 7. Section 88-331, Hawaii Revised Statutes, is  
 18 amended as follows:

- 19 1. By amending subsection (a) to read:
- 20 "(a) [A] Notwithstanding section 88-99, a class H member
- 21 who:



- 1 (1) Became a member before July 1, 2012, has at least five  
2 years of credited service, and has attained age sixty-  
3 two;
- 4 (2) Became a member before July 1, 2012, has at least  
5 thirty years of credited service, and has attained the  
6 age of fifty-five; [~~or~~]
- 7 (3) Becomes a member after June 30, 2012, has at least ten  
8 years of credited service, and has attained age sixty-  
9 five; [~~or~~]
- 10 (4) Becomes a member after June 30, 2012, has at least  
11 thirty years of credited service, and has attained age  
12 sixty[~~7~~];
- 13 (5) Becomes a member after June 30, 2012, and who is in  
14 service as of July 1, 2027, or who returns to service  
15 after June 30, 2027, and has at least five years of  
16 credited service and has attained the age of sixty-  
17 five; or
- 18 (6) Becomes a member after June 30, 2027, and has at least  
19 five years of credited service and has attained the  
20 age of sixty-five,



1 shall become eligible to receive a retirement allowance after  
2 the member has terminated service."

3 2. By amending subsection (f) to read as follows:

4 "(f) A member's right to the member's accrued retirement  
5 benefit is nonforfeitable upon the attainment of normal  
6 retirement age and the completion of the requisite years of  
7 credited service.

8 For the purpose of this subsection:

9 "Normal retirement age" means age sixty-five.

10 "Requisite years of credited service" means five years for  
11 class H members who became members before July 1, 2012~~[, and];~~  
12 ten years for class H members who became members after June 30,  
13 2012~~[, -];~~ five years for class H members who became members after  
14 June 30, 2012, and who are in service as of July 1, 2027, or who  
15 returned to service after June 30, 2027; and five years for  
16 class H members who became members after June 30, 2027."

17 SECTION 8. Section 88-338, Hawaii Revised Statutes, is  
18 amended by amending subsection (a) to read as follows:

19 "(a) Upon receipt by the system of proper proof of a class  
20 H member's death occurring in service or while on authorized  
21 leave without pay and if no pension is payable under section



1 88-339, there shall be paid to the member's designated  
2 beneficiary an ordinary death benefit as follows:

3 (1) The member's accumulated contributions shall be paid  
4 to the member's designated beneficiary if:

5 (A) The member became a member before July 1, 2012,  
6 and had less than five years of credited service  
7 at the time of death; [~~or~~]

8 (B) The member became a member after June 30, 2012,  
9 and had less than ten years of credited service  
10 at the time of death;

11 (C) The member became a member after June 30, 2012,  
12 and was in service as of July 1, 2027, or who  
13 returned to service after June 30, 2027, and had  
14 less than five years of credited service at the  
15 time of death; or

16 (D) The member became a member after June 30, 2027,  
17 and had less than five years of credited service  
18 at the time of death;

19 (2) An amount equal to the member's hypothetical account  
20 balance shall be paid to the member's designated  
21 beneficiary if:



1 (A) The member became a member before July 1, 2012,  
2 and had five or more years of credited service at  
3 the time of death; [~~or~~]

4 (B) The member became a member after June 30, 2012,  
5 and had ten or more years of credited service at  
6 the time of death;

7 (C) The member became a member after June 30, 2012,  
8 and was in service as of July 1, 2027, or who  
9 returned to service after June 30, 2027, and had  
10 five or more years of credited service at the  
11 time of death; or

12 (D) The member became a member after June 30, 2027,  
13 and had five or more years of credited service at  
14 the time of death;

15 (3) If the member had ten or more years of credited  
16 service at the time of death, the member's designated  
17 beneficiary may elect to receive in lieu of any other  
18 payment provided in this section, the allowance that  
19 would have been payable as if the member had retired  
20 on the first day of a month following the member's  
21 death, except for the month of December when



1 retirement on the first or last day of the month shall  
2 be allowed. Benefits payable under this paragraph  
3 shall be calculated under option 3 of section 88-83  
4 and computed on the basis of section 88-332, unreduced  
5 for age; or

6 (4) If the member was eligible for service retirement at  
7 the time of death, the member's designated beneficiary  
8 may elect to receive in lieu of any other payment  
9 provided in this section, the allowance that would  
10 have been payable as if the member had retired on the  
11 first day of a month following the member's death,  
12 except for the month of December when retirement on  
13 the first or last day of the month shall be allowed.  
14 Benefits payable under this paragraph shall be  
15 calculated under option 2 of section 88-83 and  
16 computed on the basis of section 88-332."

17 SECTION 9. Section 88-341, Hawaii Revised Statutes, is  
18 amended by amending subsections (a) and (b) to read as follows:

19 "(a) Any class H member who ceases to be an employee and  
20 who became a member before July 1, 2012, and has fewer than five  
21 years of credited service, excluding unused sick leave[r]; or



1 who becomes a member after June 30, 2012, and has fewer than ten  
2 years of credited service, excluding unused sick leave[7]; or  
3 who becomes a member after June 30, 2012, and who is in service  
4 as of July 1, 2027, or who returns to service after June 30,  
5 2027, and has fewer than five years of credited service,  
6 excluding unused sick leave; or who becomes a member after June  
7 30, 2027, and has fewer than five years of credited service,  
8 excluding unused sick leave, shall, upon application to the  
9 board, be paid all of the former employee's accumulated  
10 contributions, and the former employee's membership shall  
11 thereupon terminate and all credited service shall be forfeited;  
12 provided that an individual shall not be paid the individual's  
13 accumulated contributions if either:

- 14 (1) The individual becomes an employee again within  
15 fifteen calendar days from the date the individual  
16 ceased to be an employee; or  
17 (2) At the time the application for return of accumulated  
18 contributions is received by the board, the individual  
19 has become an employee again.

20 Regular interest shall be credited to the former employee's  
21 account until the former employee's accumulated contributions



1 are withdrawn; provided that the former employee's membership  
2 shall not continue after the fourth full year following the  
3 calendar year in which the individual's employment terminates.  
4 If the former employee does not become an employee again and has  
5 not withdrawn the former employee's accumulated contributions,  
6 the system shall return the former employee's accumulated  
7 contributions to the former employee as soon as possible after  
8 the later of [~~+~~(A)] the former employee attaining age sixty-  
9 two [~~+~~] or [~~(B)~~] the termination of the former employee's  
10 membership.

11 (b) Any class H member who ceases to be an employee and  
12 who became a member before July 1, 2012, and has more than five  
13 years of credited service, excluding unused sick leave [~~+~~]; or  
14 who becomes a member after June 30, 2012, and has more than ten  
15 years of credited service, excluding unused sick leave [~~+~~]; or  
16 who becomes a member after June 30, 2012, and who is in service  
17 as of July 1, 2027, or who returns to service after June 30,  
18 2027, and has five or more years of credited service, excluding  
19 unused sick leave; or who becomes a member after June 30, 2027,  
20 and has five or more years of credited service, excluding unused  
21 sick leave, shall, upon application to the board, be paid an



1 amount equal to the former employee's hypothetical account  
2 balance and the former employee's membership shall thereupon  
3 terminate and all credited service shall be forfeited; provided  
4 that the individual shall not be paid the individual's  
5 hypothetical account balance if either:

6 (1) The individual becomes an employee again within  
7 fifteen calendar days from the date the individual  
8 ceased to be an employee; or

9 (2) At the time the application for payment of the  
10 individual's hypothetical account balance is received  
11 by the board, the individual has become an employee  
12 again.

13 If the contributions are not withdrawn by the former  
14 employee after the individual's employment terminates, the  
15 former employee shall have vested benefit status and shall be  
16 eligible for the service retirement benefit in effect at the  
17 time of the former employee's retirement, payable in accordance  
18 with this chapter."

19 PART III

20 SECTION 10. The preceding parts do not affect the rights,  
21 duties, benefits, and obligations that matured or were vested,



1 or proceedings that were begun, before its effective date,  
2 including but not limited to any membership that was terminated,  
3 credited service that was forfeited, retirement that was  
4 finalized, or benefits that were paid.

5 SECTION 11. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 12. This Act shall take effect on July 1, 3000.



**Report Title:**

ERS; Sheriffs; Deputy Sheriffs; Tier 2 Members; Credited Service; Benefits; Employer Contributions

**Description:**

Includes sheriffs and deputy sheriffs to the enhanced retirement benefits category. Reduces the minimum number of years of credited service that qualified Tier 2 Employees' Retirement System members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years. Increases employer contributions to offset the resulting liability. Effective 7/1/3000. (HD2)

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

