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# A BILL FOR AN ACT

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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. A deferred retirement option program has  
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



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;



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

(C) Each employer shall contribute to the pension accumulation fund the required percentage of the rehired retirant's compensation to amortize the system's unfunded actuarial accrued liability;  
[ex]

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

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

(B) No agreement was entered into between the State or a county and the retirant prior to the retirement of the retirant, for the return to 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  
18 July 1, 1998, and again retires, the retirant's  
19 retirement 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  
2           June 30, 1998, and again retires, the retirant's  
3           retirement allowance shall be computed in accordance  
4           with paragraph (1) (A), regardless of the number of  
5           years of 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 section  
20          88-75, 88-79, 88-84, or 88-85, or any other provision of this  
21          chapter providing for benefits arising out of the disability or



1 death of a member. A retirant who returns to service and dies  
2 during the period of reemployment shall be considered to have  
3 retired again effective as of the first day of the month  
4 following the month in which the death occurs, except for death  
5 during the month of December when the effective date of  
6 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 normal retirement shall be eligible  
10 to enter the deferred retirement option program. Once enrolled  
11 in the deferred retirement option program, the enrollee's  
12 service and benefit levels shall be locked as of the effective  
13 date of enrollment. Pension payments for deferred retirement  
14 option program enrollees shall be deposited to a deferred  
15 retirement option program account each month with investment  
16 earnings or losses at a rate equal to the pension plan's actual  
17 investment return, net of investment expenses, and shall be paid  
18 upon termination from the program in accordance with rules  
19 adopted by the board. Police officers enrolled in the deferred  
20 retirement option program shall enroll within twelve months of  
21 eligibility for normal retirement. Enrollees may participate



1 for a maximum of one hundred twenty months; provided that their  
2 tenure shall not exceed thirty-five total years. Enrollment in  
3 the deferred retirement option program shall cease if an  
4 enrollee is unable to continue as an active police officer for  
5 longer than twenty working days excluding vacation days.  
6 Deferred retirement option program enrollees shall not pay into  
7 the retirement system. Deferred retirement option program  
8 enrollees shall accrue sick and vacation leave credits.  
9 Vacation leave credits shall be paid into the enrollee's  
10 deferred retirement option program account upon termination from  
11 the program. Sick leave credits shall not be paid upon  
12 termination and shall not count toward any retirement payments.  
13 Deferred retirement option participants shall receive healthcare  
14 benefits as retirees. Upon participation in the deferred  
15 retirement option program the member shall be deemed a retirant.  
16 Deferred retirement option program participants shall not  
17 receive a disability benefit from the pension plan. No  
18 additional service credit shall accrue to the deferred  
19 retirement option program participant. Deferred retirement  
20 option program enrollees shall not be eligible for participation



1 in any deferred compensation plan offered by the State or  
2 county.

3 ~~[+f)]~~ (g) The board shall adopt any rules as may be  
4 required to administer this section."

5 SECTION 4. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

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

8

INTRODUCED BY: Nedra K. McHugh  
By Request

JAN 16 2025



# H.B. NO. 404

**Report Title:**

Maui County Council Package; Police; Deferred Retirement

**Description:**

Establishes a deferred retirement option program for police officers.

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

