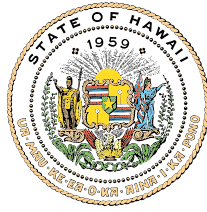


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



KALBERT K. YOUNG
EXECUTIVE DIRECTOR

GAIL STROHL
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM**

**TESTIMONY BY KALBERT YOUNG
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE SENATE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2555**

February 2, 2026

3:00 PM

Conference Room 225 and VIA Videoconference

RELATING TO GOVERNMENT.

Chair Elefante, Vice Chair Lamosao, and Members of the Committee,

While the Board of Trustees (BOT) has not had a chance to review the bill, the Employees' Retirement System (ERS) appreciates the intent of SB 2555 and is thankful for the opportunity to offer comments regarding this measure.

SB 2555 proposes to amend Section 88-9 of the Hawaii Revised Statutes (HRS) to allow positions identified by the appropriate jurisdiction as needed for succession planning to be filled by a retiree without reenrollment into the system after a twelve-calendar month break.

As this bill progresses, there are a number of components which are important for the stability and sustainability of the pension system. ERS supports the inclusion of a twelve-calendar month break and prohibition on post-retirement agreements to return to work, consistent with other positions identified as shortage or difficult-to-fill, as these fulfill requirements to retain our tax qualified status under Internal Revenue Code (IRC). We similarly support that contributions are required to be made by the employer



Employees' Retirement System
of the State of Hawaii

City Financial Tower • 201 Merchant Street, Suite 1400 • Honolulu, Hawaii 96813-2980
Telephone (808) 586-1735 • Fax (808) 586-1677 • <http://ers.ehawaii.gov>

towards the pension accumulation fund to amortize the system's unfunded accrued liability which mitigates the lost contributions when these positions are filled with unenrolled retirees rather than active members or reenrolled retirees earning retirement benefits.

The ERS respectfully recommends that the adjudicating jurisdictions develop and implement policies and procedures regarding positions to be identified as necessary for standardized succession planning to be formalized along with their jurisdiction's Director of Human Resources involved as part of the process to alleviate concerns for inconsistent application of enrollment exemptions for similarly situated retirees. This revision aside, we continue to believe that the included requirement of an annual report to the legislature by the Director of Human Resources of the appropriate State or County jurisdiction could provide sufficient oversight to ensure determinations are consistent with applicable laws and rules.

Thank you for the opportunity to provide comments on SB 2555.