

---

---

# A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER  
CONTRIBUTIONS FOR NORMAL COST AND ACCRUED LIABILITY.

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

1           SECTION 1. 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



1 all other employees. In fiscal year 2012-2013, the employer  
2 contributions for normal cost and accrued liability for each of  
3 the two groups of employees in subsection (a) shall be based on  
4 twenty-two per cent of the member's compensation for police  
5 officers, firefighters, and corrections officers and fifteen and  
6 one-half per cent of the member's compensation for all other  
7 employees. In fiscal year 2013-2014, the employer contributions  
8 for normal cost and accrued liability for each of the two groups  
9 of employees in subsection (a) shall be based on twenty-three  
10 per cent of the member's compensation for police officers,  
11 firefighters, and corrections officers and sixteen per cent of  
12 the member's compensation for all other employees. In fiscal  
13 year 2014-2015, the employer contributions for normal cost and  
14 accrued liability for each of the two groups of employees in  
15 subsection (a) shall be based on twenty-four per cent of the  
16 member's compensation for police officers, firefighters, and  
17 corrections officers and sixteen and one-half per cent of the  
18 member's compensation for all other employees. Commencing with  
19 fiscal year 2015-2016 until fiscal year 2016-2017, the employer  
20 contributions for normal cost and accrued liability for each of  
21 the two groups of employees in subsection (a) shall be based on



1 twenty-five per cent of the member's compensation for police  
2 officers, firefighters, and corrections officers and seventeen  
3 per cent of the member's compensation for all other employees.  
4 In fiscal year 2017-2018, the employer contributions for normal  
5 cost and accrued liability for each of the two groups of  
6 employees in subsection (a) shall be based on twenty-eight per  
7 cent of the member's compensation for police officers,  
8 firefighters, and corrections officers and eighteen per cent of  
9 the member's compensation for all other employees. In fiscal  
10 year 2018-2019, the employer contributions for normal cost and  
11 accrued liability for each of the two groups in subsection (a)  
12 shall be based on thirty-one per cent of the member's  
13 compensation for police officers, firefighters, and corrections  
14 officers and nineteen per cent of the member's compensation for  
15 all other employees. In fiscal year 2019-2020, the employer  
16 contributions for normal cost and accrued liability for each of  
17 the two groups in subsection (a) shall be based on thirty-six  
18 per cent of the member's compensation for police officers,  
19 firefighters, and corrections officers and twenty-two per cent  
20 of the member's compensation for all other employees.  
21 Commencing with fiscal year 2020-2021 and each subsequent fiscal



1 year[7] until fiscal year 2026-2027, the employer contributions  
2 for normal cost and accrued liability for each of the two groups  
3 in subsection (a) shall be based on forty-one per cent of the  
4 member's compensation for police officers, firefighters, and  
5 corrections officers and twenty-four per cent of the member's  
6 compensation for all other employees. Commencing with fiscal  
7 year 2027-2028 and each subsequent fiscal year, the employer  
8 contributions for normal cost and accrued liability for each of  
9 the two groups of employees in subsection (a) shall be based on  
10 forty-four per cent of the member's compensation for police  
11 officers, firefighters, and corrections officers and twenty-four  
12 per cent of the member's compensation for all other employees.  
13 The contribution rates shall amortize the total unfunded accrued  
14 liability of the entire plan over a period not to exceed the  
15 maximum funding period.

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



1 SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect on July 1, 2027.



**Report Title:**

ERS; Unfunded Accrued Liability; Employer Contribution Rates;  
Increase

**Description:**

Increases employer contribution rate for normal cost and accrued liability for police officers, firefighters, and corrections officers to ensure that the amortization period for the unfunded accrued liability of the State's Employees' Retirement System does not exceed the maximum funding period. Takes effect 7/1/2027. (CD1)

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

