

A Bill for an Act Relating to the Employees' Retirement System.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 88-83, Hawaii Revised Statutes, is amended to read:

"Sec. 88-83 Election of mode of retirement allowance. Maximum allowance: Upon retirement, any member may elect to receive the maximum retirement allowance to which he is entitled computed in accordance with the provisions described under sections 88-74, 88-76, 88-80 of this part and in the event of his death, there shall be paid to his beneficiary otherwise to his estate, the difference between the balance of his accumulated contributions at the time of his retirement and the retirement allowance paid or payable to him prior to death.

"In lieu of this maximum allowance, he may elect to receive his retirement allowance under any one of the optional plans described below, which shall be actuarially equivalent to the maximum allowance.

"Option 1: The member may elect to receive a lesser retirement allowance during his lifetime. At his retirement, there shall be established an amount of initial insurance which shall be computed on the basis of actuarial factors adopted by the board of trustees. Upon the death of the retirant, any balance remaining in the initial insurance reserve after deducting the retire-

ment allowance paid to the retirant prior to death, shall be paid to his beneficiary, otherwise to his estate. In lieu of the lump sum balance, the beneficiary may elect to receive payment in one of the following ways: (1) an allowance for life based on the value of the balance provided that the allowance is not less than \$10 per month; or (2) cash payment in part and a reduced allowance for life based on the value of the remaining balance provided that the allowance is not less than \$10 per month."

"Option 2: The member may elect to receive a lesser retirement allowance during his lifetime and have such allowances continued after his death to his beneficiary during the lifetime of such person. In the event of death of the beneficiary prior to that of the retirant, all further payments shall cease upon the death of the retirant."

"Option 3: The member may elect to receive a lesser retirement allowance during his lifetime and have one-half of such allowance continued after his death to his beneficiary during the lifetime of such person. In the event of death of the beneficiary prior to that of the retirant, all further payments shall cease upon the death of the retirant."

"Option 4. The member may elect to receive a lesser retirement allowance during his lifetime and provide some other benefit to his beneficiary in accordance with his own specification; provided, however, that such election shall be certified by the actuary to be the actuarial equivalent of his retirement allowance and shall be approved by the board."

"Option 5: The member may elect to receive the balance of his accumulated contributions at the time of retirement in a lump sum and, during his lifetime a retirement allowance equal to the maximum retirement allowance reduced by the actuarial equivalent of these contributions. Upon the death of the retirant, all further payments shall cease. Only a member retiring for service having at least ten years of credited service or for disability may elect this mode of retirement."

"To receive benefits, the beneficiary must have been designated by the member in such form and manner as is prescribed by the board.

"In the event of the death of the retirant within one year after the date of retirement, his beneficiary may elect to receive either the death benefits under the mode of retirement selected, or in lieu thereof, such benefits as would have been paid had the retirant died immediately prior to retirement, less any payments which the retirant received.

"Any election of a mode of retirement allowance shall be irrevocable."

SECTION 2. Material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.*

SECTION 3. This Act shall take effect upon its approval.

(Approved May 9, 1972.)

*Edited accordingly.