

ACT 171

H.B. NO. 190

A Bill for an Act Relating to Employer Contributions to the Employees' Retirement System and Providing for Separate Contributions to the Pension Accumulation Fund and to the Post Retirement Fund for Policemen, Firemen and Corrections Officers.

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

SECTION 1. Section 88-115, Hawaii Revised Statutes, is amended to read:

"Sec. 88-115 Post retirement fund. The post retirement fund shall be the fund to which shall be credited all moneys contributed by the members and provided by the State and counties to pay the post retirement allowances and from which all post retirement allowances shall be paid in accordance with section 88-90. The State and counties shall contribute to this fund in each fiscal

year including the year beginning July 1, 1977 the amount approved by the board on the basis of two and five-tenths per cent of the aggregate annual amount of compensation as of March 31 of the preceding year of all members who were employees of the State and of each county, respectively.

Beginning July 1, 1978, the annual contribution payable by the State and by each county shall be the amount approved by the board on the basis of successive annual actuarial valuations of this fund; provided that the total contributions by the State and counties in each fiscal year shall be sufficient to pay the employer's normal cost of this fund for the year and to liquidate the unfunded accrued liability of this fund as of July 1, 1976 over the period of thirty-eight years beginning July 1, 1976. Such normal cost and accrued liability contributions shall be determined separately for the following two groups of employees: (1) policemen, firemen, and corrections officers, the latter after the actual transfer of all county jails pursuant to executive order of the governor, and (2) all other employees. The board shall certify the amounts to be contributed to this fund by the State and by each county in each fiscal year beginning July 1, 1978, and such amounts shall be appropriated and paid to this fund in the same manner as contributions are appropriated and paid to the pension accumulation fund, based on the aggregate annual compensation of each of the aforesaid two groups of employees who were employed by the State and by each county, respectively, as of March 31 of the year preceding the appropriation of said contributions."

SECTION 2. Section 88-122, Hawaii Revised Statutes, is amended to read:

"Sec. 88-122 Determination of employer normal cost and accrued liability contributions. Based on regular interest and such mortality and other tables as are adopted by the board of trustees, the actuary engaged by the board shall, on the basis of successive annual actuarial valuations, determine the employer's normal cost and accrued liability contributions for each fiscal year beginning July 1 separately for the following two groups of employees: policemen, firemen, and corrections officers, the latter, after the actual transfer of all county jails pursuant to executive order of the governor, and all other employees.

(1) With respect to each of the aforesaid two groups of employees, the normal cost for each year after June 30, 1976 shall be the percentage of the aggregate annual compensation of employees as of March 31 of the preceding year which, if contributed over each employee's prospective period of service and added to his prospective contributions, will be sufficient to provide for the payment of all future benefits after subtracting the sum of the unfunded accrued liability as of the beginning of the year and the assets of the pension accumulation fund as of the end of the preceding year. On each June 30 the board shall determine the allocation of the assets of the pension accumulation fund between the aforesaid two groups of employees; provided that the assets of the pension accumulation fund as of June 30, 1976 shall be allocated between the two groups in the same proportion as the aggregate annual compensation of each group as of March 31, 1976.

(2) The total unfunded accrued liability as of July 1, 1976 shall be fixed at \$239,000,000, and shall be allocated as follows: \$32,000,000 to policemen,

firemen, and corrections officers, the latter after the actual transfer of all county jails pursuant to executive order of the governor, and \$207,000,000 to all other employees. With respect to each of the aforesaid two groups of employees, the accrued liability contribution for each year after June 30, 1976 shall be the level annual payment required to liquidate such unfunded accrued liability over the remainder of the period of fifty years beginning July 1, 1964.”

SECTION 3. Section 88-123, Hawaii Revised Statutes, is amended to read:

“Sec. 88-123 Amount of annual contributions by the State and counties.

The contribution payable in each year to the pension accumulation fund by the State and by each county, respectively, shall be determined by allocating the sum of the normal cost and the accrued liability contribution for (1) policemen, firemen, and corrections officers, the latter after the actual transfer of all county jails pursuant to executive order of the governor, and (2) all other employees in the same proportion as the aggregate annual compensation of each group employed by the State and by each county, respectively, as of March 31 of the year preceding the appropriation of said contribution.”

SECTION 4. 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 5. This Act shall become effective upon its approval and shall be the basis for determining the amount of employer appropriations to the pension accumulation fund and to the post retirement fund for the fiscal year beginning July 1, 1978 and for subsequent fiscal years.

(Approved June 4, 1977.)

*Edited accordingly.