

ACT 201

H.B. NO. 1724

A Bill for an Act Relating to the Employee's Retirement System of the State of Hawaii.

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

SECTION 1. Section 88-122, Hawaii Revised Statutes, is amended to read:

“§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: police officers, firefighters, and corrections officers, and all other employees.

The actuarial valuations made for years ending on June 30, 1980, 1981, and 1982, shall be based on a seven per cent investment yield rate and such tables and factors as are adopted by the board of trustees for actuarial valuations of the system. The actuarial valuations made for years ending on June 30, 1983 and thereafter shall be based on a four and one-half per cent investment yield rate and such tables and factors as are adopted by the board of trustees for actuarial valuations of the system.

- (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 police officers, firefighters, and corrections officers, 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[†] 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 2. Statutory material to be repealed is bracketed. New material is underscored.*

SECTION 3. This Act, upon approval, shall take effect on July 1, 1982; provided that any provision of chapter 88, Hawaii Revised Statutes, to the contrary notwithstanding, the employee's retirement system of the State of Hawaii shall begin using the increased interest rate of seven per cent a year to compute the employer's normal and accrued liability contributions to the pension accumulation and post retirement funds for the fiscal year 1982-1983, and to determine the amount of employer appropriations to the pension accumulation fund for the fiscal year 1982-83.

(Approved June 18, 1981.)

[†]It appears that a word is missing at this point. In section prior to amendment, here appeared the word "year".

*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.