

ACT 115

S.B. NO. 1739

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 88-46, Hawaii Revised Statutes, is amended to read as follows:

"§88-46 Deducting employee contributions from salary[.] and employer pickup of employee contributions. (a) The head of each state department and the finance director of each county shall cause to be deducted from the salary of each class A or class B member on each and every payroll under his jurisdiction, for each and every payroll period, the percentage of compensation of each member as provided under section 88-45. The total amount of deductions made from the salaries of employees and a record of the amount deducted from each member's compensation shall be transmitted to the system monthly or at such other times as may be agreed upon by the board of trustees. The amounts so deducted shall be paid into the annuity savings fund and the post retirement fund and shall be credited to the individual accounts of the member from whose compensation the deductions were made. Regular interest shall also be credited to the individual account of the member in the annuity savings fund.

(b) The State and each county, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954, as amended, shall pick up and pay the contributions which would otherwise be payable by each class A or class B member for service after December 31, 1987. The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from each class A or class B member's compensation.

(c) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a member. A deduction shall be made from each class A or class B member's compensation equal to the amount of the member's contributions picked up by the employer, provided that such deduction shall not reduce the member's compensation for purposes of computing benefits under this chapter.

(d) Member contributions picked up by the employer shall be transmitted to the system in accordance with subsection (a). Such contributions

shall be credited to a separate account within the member's individual accounts in the annuity savings fund and the post retirement fund, so that amounts contributed by the member before January 1, 1988 may be distinguished from the member contributions picked up by the employer. Regular interest shall also be credited to the individual account of the member in the annuity savings fund."

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.

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

(Approved May 31, 1987.)