

## ACT 357

S.B. NO. 920

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

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

SECTION 1. Chapter 88, Hawaii Revised Statutes, is amended:

1. By adding a new definition to section 88-21 to be appropriately inserted and to read as follows:

““Water safety officer”: any regularly employed member of any county of the State whose principal duty is to stand guard over the beaches of the State and counties to ensure the safety of individuals thereon.”

2. By amending section 88-45 to read as follows:

**“§88-45 Employee contributions.** After June 30, 1988, each class A and class B member shall contribute seven and eight-tenths per cent of the member's compensation to the annuity savings fund; provided that after June 30, 1989, all firefighters, police officers, corrections officers, investigators of the departments of the prosecuting attorney and of the attorney general, [and] narcotics enforcement investigators, and water safety officers shall contribute twelve and two-tenths per cent of their compensation to the annuity savings fund for service in that capacity.”

3. By amending section 88-47 to read as follows:

**“§88-47 Membership.** (a) There shall be three classes of members in the system to be known as class A [members], class B [members], and class C [members], defined as follows:

- (1) Class A [members] shall consist of members covered by section 88-74(3), those members whose salaries are set forth in sections 26-52 and 26-53, investigators of the department of the attorney general, narcotics enforcement investigators, water safety officers, and those members in service prior to July 1, 1984, including those who are on approved leave of absence, who are covered by Title II of the Social Security Act on account of service creditable under this part. [These members] This class shall consist of:
  - (A) All employees who enter [the] membership [of the system] after June 30, 1957, except employees in positions to which coverage under Title II of the Social Security Act is not extended;
  - (B) All employees who were members [of the system] on July 1, 1957, who elected to be covered by the Social Security Act; and
  - (C) All former class A retirants who return to employment after June 30, 1984, requiring the retirant's active membership[.];
- (2) Class B [members] shall consist of all members [in the system] who are not class A or class C members[.]; and
- (3) Except for members covered by section 88-74(3), those members whose salaries are set forth in sections 26-52 and 26-53, investigators of the department of the attorney general, [and] narcotics enforcement investigators, and water safety officers, class C [members] shall consist of all employees in positions covered by Title II of the Social Security Act who:
  - (A) First enter service after June 30, 1984;

- (B) Reenter service after June 30, 1984, without vested benefit status as provided in section 88-96(b);
- (C) Make the election to become a class C member as provided in part VII; or
- (D) Are former class C retirants who return to service requiring the retirant's active membership.

[(4)] (b) None of the provisions of this part shall apply to class C members except as specifically provided in part VII."

4. By amending section 88-74 to read as follows:

**"§88-74 Allowance on service retirement.** Upon retirement from service, a member shall receive a retirement allowance as follows:

- (1) If the member has attained [the] age [of] fifty-five, a retirement allowance of two per cent of the member's average final compensation multiplied by the total number of years of the member's credited service as a class A and B member, plus a retirement allowance of one and one-fourth per cent of the member's average final compensation multiplied by the total number of years of prior credited service as a class C member; provided that:
  - (A) After June 30, 1968, if the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a firefighter, police officer, or an investigator of the department of the prosecuting attorney;
  - (B) After June 30, 1977, if the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a corrections officer;
  - (C) After June 16, 1981, if the member has at least ten years of credited service of which the last five or more years prior to retirement is credited as an investigator of the department of the attorney general;
  - (D) After June 30, 1989, if the member has at least ten years of credited service of which the last five or more years prior to retirement is credited as a narcotics enforcement investigator; [and]
  - (E) After June 30, 1992, if the member has at least ten years of credited service, a part of which is credited as a corrections officer or narcotics enforcement investigator; provided the member is employed with the department of public safety, is promoted or accepts a position as a public safety internal affairs investigator, and retires from that department; and
  - (F) After December 31, 1993, if the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a water safety officer;

then for each year of service as a firefighter, [a] police officer, [a] corrections officer, [an] investigator of the department of the prosecuting attorney, [an] investigator of the department of the attorney general, [or a] narcotics enforcement investigator, or water safety officer, the retirement allowance shall be two and one-half per cent of the member's average final compensation. The maximum retirement allowance for [such a member] those members shall not exceed eighty per cent of the member's average final compensation. If the member has not attained [the] age [of] fifty-five, the member's retirement allowance shall be computed as though the member had attained age

fifty-five, reduced in accordance with factors of actuarial equivalence adopted by the board upon the advice of the actuary; provided that no [such] reduction shall be made if the member has at least twenty-five years of credited service as a firefighter, police officer, corrections officer, investigator of the department of the prosecuting attorney, investigator of the department of the attorney general, narcotics enforcement investigator, [or] sewer worker, or water safety officer, of which the last five or more years prior to retirement is credited service in such capacities;

- (2) If the member has made voluntary additional contributions for the purchase of an additional annuity and has not applied for the refund thereof as permitted by section 88-72, the member may accept [such] refund at the time of retirement or, in lieu thereof, receive in addition to the retirement allowance provided in paragraph (1), an annuity [which] that is the actuarial equivalent of [such] the additional contributions with regular interest; or
- (3) If the member has credited service as a judge, an elective officer, or the chief clerk, assistant clerk, sergeant at arms, or assistant sergeant at arms of either house of the legislature, the member's retirement allowance shall be computed on the following basis:
  - (A) Irrespective of age, for each year of credited service as a judge, an elective officer, or the chief clerk, assistant clerk, sergeant at arms, or assistant sergeant at arms of either house of the legislature, three and one-half per cent of the member's average final compensation in addition to an annuity [which] that is the actuarial equivalent of the member's accumulated contributions allocable to the period of such service; and
  - (B) For all other credited service, as provided in paragraphs (1) and (2). No allowance shall exceed seventy-five per cent of [such] the member's average final compensation. If the allowance exceeds this limit, it shall be adjusted by reducing the annuity included in subparagraph (A), and the portion of the accumulated contributions specified in that subparagraph [as may be] in excess of the requirements of the reduced annuity shall be returned to the member.

The allowance for judges under this [section,] paragraph, together with the retirement allowance provided by the federal government for similar service, shall in no case exceed seventy-five per cent of [such] the member's average final compensation."

SECTION 2. (a) All water safety officers of any county of the State shall be designated class A members of the employees' retirement system as of December 31, 1993.

(b) Water safety officers who are class C members shall have the option of converting their class C water safety officer service to class A. All water safety officers who are class C members, shall file an election form with the board of trustees by December 1, 1993, and arrange for additional deductions or lump sum payments pursuant to sections 88-45 and 88-59, Hawaii Revised Statutes, to commence by July 1, 1994.

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.

**ACT 357**

**SECTION 4.** This Act shall take effect upon its approval.

(Approved July 1, 1993.)