

ACT 67

S.B. NO. 476

A Bill for an Act Relating to Pension and Retirement Systems.

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

SECTION 1. Section 88-84, Hawaii Revised Statutes, is amended to read as follows:

“§88-84 Ordinary death benefit. (a) Upon [the] receipt of proper [proofs] proof of a member’s death in service, there shall be paid to the member’s

designated beneficiary[, otherwise to the member's estate,] an ordinary death benefit consisting of:

- (1) The member's accumulated contributions and, if no pension is payable under section 88-85, in addition thereto, [and]
- (2) An amount equal to fifty per cent of the compensation earned by the member during the year immediately preceding the member's death if the member had at least one year but not more than ten full years of credited service, which amount shall increase by five per cent [of such compensation] for each full year of service in excess of ten years, to a maximum of one hundred per cent of [such] the compensation; provided that if the member had at least one year of credited service, the amount, together with the member's accumulated contributions shall not be less than one hundred per cent of the compensation[.], or
- (3) If the member had ten or more years of credited service but was ineligible for service retirement at the time of [the member's] death in service, and the death occurred after June 30, 1988, the member's designated beneficiary may elect to receive in lieu of any other payment provided in this section[,] the allowance [which] that would have been payable to the beneficiary under option 3 of section 88-83 and computed on the basis of section 88-76[.], or
- (4) If the member was eligible for service retirement at the time of [the member's] death in service, the member's designated beneficiary[,] may elect to receive in lieu of any other payments provided in this section, the allowance [which] that would have been payable if the member had retired the day prior to death and had elected to receive a retirement allowance under option 2 of section 88-83.

(b) If the member's designation of beneficiary is void as specified in section 88-93, or if the member did not designate a beneficiary, there shall be payable:

- (1) To the surviving spouse, an allowance payable under option 3 of section 88-83 if the member had at least ten years of credited service but was ineligible for service retirement at the time of the death in service, which allowance shall be computed on the basis of section 88-76; or if the member was eligible for service retirement at the time of death in service, the allowance that would have been payable if the member had retired the day prior to death and had elected to receive a retirement allowance under option 2 of section 88-83; or a benefit as specified under subsection (a)(1) and (2); or
- (2) To the deceased member's dependent child, or children under age eighteen if there is no surviving spouse, an equally divided benefit as specified under subsection (a)(1) and (2); or
- (3) To the deceased member's estate, if there is no surviving spouse or dependent child or children, a benefit as specified under subsection (a)(1) and (2)."

SECTION 2. Section 88-283, Hawaii Revised Statutes, is amended to read as follows:

“§88-283 Retirement allowance options. (a) A member may elect to have the member's normal, early, or disability retirement allowance paid under one of the following actuarially equivalent amounts:

- (1) **Option A:** A reduced allowance payable to the member, then upon the member's death, one-half of [such] the allowance, including fifty per cent of all cumulative post retirement allowances, to the member's

- beneficiary designated by the member at the time of retirement, for the life of the beneficiary[.];
- (2) Option B: A reduced allowance payable to the member, then upon the member's death, the same allowance, including cumulative post retirement allowances, paid to the member's beneficiary designated by the member at the time of retirement, for the life of the beneficiary[.]; or
 - (3) Option C: A reduced allowance payable to the member, and if the member dies within ten years[.] of retirement, the same allowance, including cumulative post retirement allowances, paid to the member's beneficiary [designated by the member at the time of retirement,] for the balance of the ten-year period.
- (4) (b) Any election of a mode of retirement shall be irrevocable."

SECTION 3. Section 88-286, Hawaii Revised Statutes, is amended to read as follows:

"~~[[~~**§88-286**~~]]~~ **Death benefit.** (a) The surviving spouse and dependent child or children of a member at the time of the member's death shall be eligible for a death benefit if the member suffers either an accidental death or an ordinary death while in service after accumulating ten years of credited service.

(b) In the case of ordinary death, the death benefit shall be as follows:

- (1) For the surviving spouse, [the amount of the death benefit shall be] an allowance equal to one-half of the member's accrued normal retirement allowance unreduced for age, payable to the surviving spouse until remarriage[.]; or if the member was eligible for retirement at the time of death in service, and death occurred after June 30, 1990, the surviving spouse may elect the allowance that would have been payable if the member had retired the day prior to death and had elected to receive a retirement allowance under option B of section 88-283;
 - (2) If there is a surviving spouse, each dependent child under age eighteen shall receive [as a death benefit] an allowance equal to ten per cent of the member's accrued normal retirement allowance unreduced for age, payable to each dependent child until the dependent child attains age eighteen; provided that the aggregate death benefits for all the dependent children shall not exceed twenty per cent of the member's accrued normal retirement allowance unreduced for age[.]; and
 - (3) If there is no surviving spouse, each dependent child under age eighteen shall receive [as a death benefit] an allowance equal to twenty per cent of the member's accrued normal retirement allowance unreduced for age, payable to each dependent child until the dependent child attains age eighteen; provided that the aggregate death benefits for all the dependent children shall not exceed forty per cent of the member's accrued normal retirement allowance unreduced for age.
- (c) In the case of accidental death, the death benefit shall be as follows:
- (1) For the surviving spouse, the amount of the death benefit shall be [an allowance equal to the greater of:
 - (A) One-half of the member's accrued normal retirement allowance, unreduced for age; or
 - (B) Fifteen] thirty per cent of the member's average final compensation, payable [to the surviving spouse] until remarriage[.];
 - (2) If there is a surviving spouse, each dependent child under eighteen shall receive [as a death benefit] an allowance equal to the greater of:

- (A) Ten per cent of the member's accrued normal retirement allowance, unreduced for age; provided that the aggregate death benefits for all the dependent children shall not exceed twenty per cent of the member's accrued normal retirement allowance unreduced for age; or
 - (B) Three per cent of the member's average final compensation; provided that the aggregate death benefits for all the dependent children shall not exceed six per cent of the member's average final compensation.
- The death benefit under this paragraph shall be payable to each dependent child until [each] ~~the~~ dependent child attains age ~~eighteen[.]; and~~
- (3) If there is no surviving spouse, each dependent child under eighteen shall receive [as a death benefit] an allowance equal to the greater of:
- (A) Twenty per cent of the member's accrued normal retirement allowance, unreduced for age; provided that the aggregate death benefits for all the dependent children shall not exceed forty per cent of the member's accrued normal retirement allowance unreduced for age; or
 - (B) Six per cent of the member's average final compensation; provided that the aggregate death benefits for all the dependent children shall not exceed twelve per cent of the member's average final compensation.
- The death benefit under this paragraph shall be payable to each dependent child until [each] ~~the~~ dependent child attains age eighteen."

SECTION 4. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved April 26, 1993.)