

A Bill for an Act Relating to Employee Benefit Plans.

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

SECTION 1. Chapter 303, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§303- Limitation on liability. The University of Hawaii and the State of Hawaii shall not be held liable for the sums deferred or the results of any investment product.”

SECTION 2. Chapter 303, Hawaii Revised Statutes, is amended as follows:
1. By amending the title to read:

**“CHAPTER 303
EMPLOYEES’ ANNUITY AND CUSTODIAL ACCOUNT
CONTRACTS”**

2. By amending section 303-1, Hawaii Revised Statutes, to read:

“§303-1 Purpose. The purpose of this chapter is to provide the means by which employees of the department of education and the University of Hawaii may qualify for the favorable benefits of section 403(b) of the Internal Revenue Code of [1954,] 1986, as amended.”

3. By amending section 303-2, Hawaii Revised Statutes, to read:

“303-2 Contract for purchase of annuity[,] or investment in custodial account. (a) The department of education and the University of Hawaii, on behalf of any employee of the respective institutions, may enter into a written agreement with any [such] employee to purchase for the employee [an] :

- (1) An annuity contract from an insurer who holds a certificate of authority under section 431:3-201 [or who offers an]; or
- (2) An annuity contract qualified under section 401(k) of the Internal Revenue Code[,] of 1986, as amended, which provides a nationwide retirement trust for a group of college or university football coaches who, due to the nature of their jobs, change employers frequently.

(b) The University of Hawaii may pay amounts to a custodial account established on behalf of the employee pursuant to section 403(b)(7) of the Internal Revenue Code of 1986, as amended.”

4. By amending section 303-3, Hawaii Revised Statutes, to read:

“303-3 [Premium withholding.] Withholding. (a) The department of education and the University of Hawaii may also enter into an agreement under which the employer shall withhold from the salary of the employee the amount of the premiums payable on account of the annuity contract, and shall make such premium payments on behalf of the employee. The department of education and the University of Hawaii may contract with third parties to administer plans for the withholding of amounts from the salaries of their employees payable on account of annuity contracts and for making payments on their behalf. Costs for implementing and administering these plans for the University of Hawaii shall be borne by the employees maintaining annuity contracts.

(b) The University of Hawaii may also enter into an agreement under which the employer shall withhold from the salary of the employee the amount payable on account of the custodial account, and shall make the payments on behalf of the

employee. The University of Hawaii may contract with third parties to administer plans for the withholding of amounts from the salaries of their employees payable on account of custodial accounts and for making payments on their behalf. Costs for implementing and administering these plans shall be borne by the employees maintaining custodial accounts.”

5. By amending section 303-4, Hawaii Revised Statutes, to read:

“303-4 Adoption of rules. Each employer may adopt rules to implement this chapter including[,] but not [by way of limitation,] limited to:

- (1) [the] The method of filing an election to accept an adjustment in earnings and revocation of the election[,];
- (2) [the] The effective date of an election[,];
- (3) [~~changes~~] Changes in the amount of the adjustment in earnings[,]; and
- (4) [~~selection~~] Selection of the insurance company or companies from which the annuity contracts are to be purchased[.] or to which payments into a qualified custodial account are to be made.”

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 4. This Act shall take effect on January 1, 2000.

(Approved June 25, 1999.)

Note

1. Edited pursuant to HRS §23G-16.5.