

ACT 85

S.B. NO. 1087

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 88-96, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Any member who ceases to be an employee and who became a member before July 1, 2012, and has fewer than five years of credited service, excluding unused sick leave, or who becomes a member after June 30, 2012, and has fewer than ten years of credited service, excluding sick leave, shall, upon application to the board, be paid all of the member's accumulated contributions and the member's membership shall thereupon terminate and all credited service shall be forfeited; provided that a member shall not be paid the member's accumulated contributions:

- (1) If the member becomes an employee again within fifteen calendar days from the date the member ceased to be an employee; or
- (2) If, at the time the application for return of accumulated contributions is received by the board, the member has become an employee again.

Regular interest shall be credited to the former employee's account until the former employee's accumulated contributions are returned to the former employee; provided that the former employee's membership shall not continue after the fourth full year following the calendar year in which the individual's employment terminates. Upon termination of the former employee's membership, the former employee's credited service shall be forfeited and, if the former employee's accumulated contributions are \$1,000 or less at the time of distribution, the system shall return the former employee's contributions to the former employee. If the former employee does not become an employee again and if the former employee's accumulated contributions have not been withdrawn by the former employee or previously returned by the system to the former employee, the system shall return the former employee's accumulated contributions to the former employee as soon as possible after the later of: (A) the former employee [attains] attaining age sixty-two[-]; or (B) the termination of the former employee's membership.”

SECTION 2. Section 88-341, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

“(a) Any class H member who ceases to be an employee and who became a member before July 1, 2012, and has fewer than five years of credited service, excluding unused sick leave, or who becomes a member after June 30, 2012, and has fewer than ten years of credited service, excluding unused sick leave, shall, upon application to the board, be paid all of the former employee's accumulated contributions, and the former employee's membership shall thereupon terminate and all credited service shall be forfeited; provided that an individual shall not be paid the individual's accumulated contributions if either:

- (1) The individual becomes an employee again within fifteen calendar days from the date the individual ceased to be an employee; or
- (2) At the time the application for return of accumulated contributions is received by the board, the individual has become an employee again.

Regular interest shall be credited to the former employee's account until the former employee's accumulated contributions are withdrawn; provided that the former employee's membership shall not continue after the fourth full year following the calendar year in which the individual's employment terminates. If the former employee does not become an employee again and has not withdrawn the former employee's accumulated contributions, the system shall return the former employee's accumulated contributions to the former employee as soon as possible after the later of: (A) the former employee ~~[attains]~~ attaining age sixty-two[-]; or (B) the termination of the former employee's membership."

2. By amending subsection (c) to read:

"(c) In case of the death after the termination of service and prior to retirement of any former class H member who has not withdrawn the member's contributions, there shall be paid to the former member's estate or to the person ~~[as]~~ that the former member has nominated by written designation duly executed and filed with the board ~~[if either]:~~

- (1) ~~The former [member had less than five years of credited service at the time of death, the former] member's accumulated contributions[-]; or, if the former member became a member before July 1, 2015, and had fewer than five years of credited service at the time of death or if the former member became a member after June 30, 2015, and had fewer than ten years of credited service at the time of death; or~~
- (2) ~~The former [member had five or more years of credited service at the time of death, the former] member's hypothetical account balance[-]; if the former member became a member before July 1, 2015, and had five or more years of credited service at the time of death or if the former member became a member after June 30, 2015, and had ten or more years of credited service at the time of death."~~

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

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

(Approved June 5, 2015.)