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# A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 88-45, Hawaii Revised Statutes, is  
2 amended to read as follows:  
3           "**§88-45 Employee contributions.** After June 30, 1988, each  
4 class A and class B member shall contribute seven and eight-  
5 tenths per cent of the member's compensation to the annuity  
6 savings fund; provided that after June 30, 1989, all  
7 firefighters, police officers, corrections officers,  
8 investigators of the departments of the prosecuting attorney and  
9 of the attorney general, narcotics enforcement investigators,  
10 water safety officers not making the election under section  
11 88-271, and public safety investigations staff investigators  
12 shall contribute twelve and two-tenths per cent of their  
13 compensation to the annuity savings fund for service in that  
14 capacity[-]; provided further that each class A and class B  
15 member who becomes a member after June 30, 2012, shall  
16 contribute nine and eight-tenths per cent of the member's  
17 compensation to the annuity savings fund; provided further that  
18 all firefighters, police officers, corrections officers,



1 investigators of the departments of the prosecuting attorney and  
2 of the attorney general, narcotics enforcement investigators,  
3 and public safety investigations staff investigators who become  
4 members after June 30, 2012, shall contribute fourteen and  
5 two-tenths per cent of their compensation to the annuity savings  
6 fund for service in that capacity."

7 SECTION 2. Section 88-62, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "§88-62 Return to service of a former member. (a) For  
10 members who became members before July 1, 2012:

11 (1) If a former member who has [~~less~~] fewer than five  
12 years of credited service and who has been out of  
13 service for a period of four full calendar years or  
14 more after the year in which the former member left  
15 service, or if a former member who withdrew the former  
16 member's accumulated contributions returns to service,  
17 the former member shall become a member in the same  
18 manner and under the same conditions as anyone first  
19 entering service; however, the former member may  
20 obtain membership service credit in the manner  
21 provided by applicable law for credited service that  
22 was forfeited by the member upon termination of the



1 member's previous membership. If the member did not  
2 withdraw the former member's accumulated contributions  
3 prior to the former member's return to service, the  
4 accumulated contributions shall be returned to the  
5 member as part of the process of enrolling the member  
6 in the system, if the member's accumulated  
7 contributions are \$1,000 or less at the time of  
8 distribution. If the accumulated contributions for  
9 the service the member had when the member previously  
10 terminated employment are greater than \$1,000 and the  
11 member does not make written application, prior to or  
12 contemporaneously with the member's return to service,  
13 for return of the accumulated contributions, the  
14 member may not withdraw the member's accumulated  
15 contributions, except as provided by section 88-96 or  
16 88-341, until the member retires or attains age  
17 sixty-two. The member shall not be entitled to  
18 service credit by reason of the system's retention of  
19 the member's accumulated contributions for the service  
20 the member had when the member previously terminated  
21 employment. To be eligible for any benefit, the  
22 member shall fulfill the membership service



1 requirements for the benefit through membership  
2 service after again becoming a member, in addition to  
3 meeting any other eligibility requirement established  
4 for the benefit; provided that the membership service  
5 requirement shall be exclusive of any former service  
6 acquired in accordance with section 88-59 or any other  
7 section in part II, VII, or VIII.

8 ~~[(b)]~~ (2) If a former member with ~~[less]~~ fewer than five  
9 years of credited service and who did not withdraw the  
10 former member's accumulated contributions returns to  
11 service within four full calendar years after the year  
12 in which the former member left service, the former  
13 member shall again become a member in the same manner  
14 and under the same conditions as anyone first entering  
15 service, except that the member shall be credited with  
16 service credit for the service the member had when the  
17 member terminated employment and:

18 ~~[(1)]~~ (A) If the member returns to service as a class  
19 A or class B member, the member's new and  
20 previous accumulated contributions shall be  
21 combined; or



1           ~~[(2)]~~ (B) If the member returns to service after  
2                           June 30, 2006, as a class H member, section 88-  
3                           321(b) shall apply.

4           ~~[(e)]~~ (3) If a former member with five or more years of  
5                           credited service who did not withdraw ~~[his]~~ the former  
6                           member's contributions returns to service, ~~[his]~~ the  
7                           former members's status shall be in accordance with  
8                           the provisions described in section 88-97.

9           (b) For members who become members after June 30, 2012:

10          (1) If a former member who has fewer than ten years of  
11                           credited service and who has been out of service for a  
12                           period of four full calendar years or more after the  
13                           year in which the former member left service, or if a  
14                           former member who withdrew the former member's  
15                           accumulated contributions returns to service, the  
16                           former member shall become a member in the same manner  
17                           and under the same conditions as anyone first entering  
18                           service; however, the former member may obtain  
19                           membership service credit in the manner provided by  
20                           applicable law for credited service that was forfeited  
21                           by the member upon termination of the member's  
22                           previous membership. If the member did not withdraw



1 the former member's accumulated contributions prior to  
2 the former member's return to service, the accumulated  
3 contributions shall be returned to the member as part  
4 of the process of enrolling the member in the system,  
5 if the member's accumulated contributions are \$1,000  
6 or less at the time of distribution. If the  
7 accumulated contributions for the service the member  
8 had when the member previously terminated employment  
9 are greater than \$1,000 and the member does not make  
10 written application, prior to or contemporaneously  
11 with the member's return to service, for return of the  
12 accumulated contributions, the member may not withdraw  
13 the member's accumulated contributions, except as  
14 provided by section 88-96 or 88-341, until the member  
15 retires or attains age sixty-two. The member shall  
16 not be entitled to service credit by reason of the  
17 system's retention of the member's accumulated  
18 contributions for the service the member had when the  
19 member previously terminated employment. To be  
20 eligible for any benefit, the member shall fulfill the  
21 membership service requirements for the benefit  
22 through membership service after again becoming a



1 member, in addition to meeting any other eligibility  
2 requirement established for the benefit; provided that  
3 the membership service requirement shall be exclusive  
4 of any former service acquired in accordance with  
5 section 88-59 or any other section in part II, VII, or  
6 VIII.

7 (2) If a former member with fewer than ten years of  
8 credited service and who did not withdraw the former  
9 member's accumulated contributions returns to service  
10 within four full calendar years after the year in  
11 which the former member left service, the former  
12 member shall again become a member in the same manner  
13 and under the same conditions as anyone first entering  
14 service, except that the member shall be credited with  
15 service credit for the service the member had when the  
16 member terminated employment and:

17 (A) If the member returns to service as a class A or  
18 class B member, the member's new and previous  
19 accumulated contributions shall be combined; or

20 (B) If the member returns to service as a class H  
21 member, section 88-321(b) shall apply.



1       (3) If a former member with ten or more years of credited  
2       service who did not withdraw the former member's  
3       contributions returns to service, the former member's  
4       status shall be in accordance with the provisions  
5       described in section 88-97."

6       SECTION 3. Section 88-73, Hawaii Revised Statutes, is  
7 amended by amending subsections (a) and (b) to read as follows:

8       "(a) Any member who:

9       (1) Became a member before July 1, 2012, has at least five  
10       years of credited service, and [who] has attained age  
11       fifty-five [or any member who];

12       (2) Became a member before July, 2012, and has at least  
13       twenty-five years of credited service [or any member  
14       who has];

15       (3) Has at least ten years of credited service, which  
16       includes service as a judge before July 1, 1999, an  
17       elective officer, or a legislative officer[7]; or

18       (4) Becomes a member after June 30, 2012, has at least ten  
19       years of credited service, and has attained age  
20       fifty-five,

21 shall become eligible to receive a retirement allowance after  
22 the member has terminated service.





- 1 (b) Any member who [first]:
- 2 (1) First earned credited service as a judge after
- 3 June 30, 1999, but before July 1, 2012, and [who has]:
- 4 (A) Has at least five years of credited service and
- 5 has attained age fifty-five; or [has]
- 6 (B) Has at least twenty-five years of credited
- 7 service,
- 8 shall become eligible to receive a retirement allowance
- 9 after the member has terminated service [+]; or
- 10 (2) First earned credited service as a judge after
- 11 June 30, 2012, and:
- 12 (A) Has at least ten years of credited service and
- 13 has attained age fifty-five; or
- 14 (B) Has at least twenty-five years of credited
- 15 service,
- 16 shall be eligible to receive a retirement allowance
- 17 after the member has terminated service."

18 SECTION 4. Section 88-74, Hawaii Revised Statutes, is

19 amended to read as follows:

20 "**§88-74 Allowance on service retirement.** (a) Upon

21 retirement from service, a member shall receive a maximum

22 retirement allowance as [follows+] provided in this section.



1        ~~[(1)]~~ (b) If ~~[the]~~ a member who became a member before  
2 July 1, 2012, has attained age fifty-five, ~~[a]~~ the member's  
3 maximum retirement allowance ~~[of]~~ shall be two per cent of the  
4 member's average final compensation multiplied by the total  
5 number of years of the member's credited service as a class A  
6 and B member, excluding any credited service as a judge,  
7 elective officer, or legislative officer, plus a retirement  
8 allowance of one and one-fourth per cent of the member's average  
9 final compensation multiplied by the total number of years of  
10 prior credited service as a class C member, plus a retirement  
11 allowance of two per cent of the member's average final  
12 compensation multiplied by the total number of years of prior  
13 credited service as a class H member; provided that:

14        ~~[(A)]~~ (1) After June 30, 1968, if the member has at least  
15        ten years of credited service, of which the last five  
16        or more years prior to retirement is credited service  
17        as a firefighter, police officer, or an investigator  
18        of the department of the prosecuting attorney;

19        ~~[(B)]~~ (2) After June 30, 1977, if the member has at least  
20        ten years of credited service, of which the last five  
21        or more years prior to retirement is credited service  
22        as a corrections officer;



1       ~~[(C)]~~ (3) After June 16, 1981, if the member has at least  
2           ten years of credited service, of which the last five  
3           or more years prior to retirement is credited service  
4           as an investigator of the department of the attorney  
5           general;

6       ~~[(D)]~~ (4) After June 30, 1989, if the member has at least  
7           ten years of credited service, of which the last five  
8           or more years prior to retirement is credited service  
9           as a narcotics enforcement investigator;

10      ~~[(E)]~~ (5) After December 31, 1993, if the member has at  
11           least ten years of credited service, of which the last  
12           five or more years prior to retirement is credited  
13           service as a water safety officer;

14      ~~[(F)]~~ (6) After June 30, 1994, if the member has at least  
15           ten years of credited service, of which the last five  
16           or more years prior to retirement are credited service  
17           as a public safety investigations staff investigator;

18      ~~[(G)]~~ (7) After June 30, 2002, if the member:

19           ~~[(i)]~~ (A) Has at least ten years of credited service  
20           as a firefighter;

21           ~~[(ii)]~~ (B) Is deemed permanently medically  
22           disqualified due to a service related disability



1 to be a firefighter by the employer's physician;

2 and

3 [~~(iii)~~] (C) Continues employment in a class A or B

4 position other than a firefighter; and

5 [~~(H)~~] (8) After June 30, 2004, if the member:

6 [~~(i)~~] (A) Has at least ten years of credited service

7 as a police officer;

8 [~~(ii)~~] (B) Is deemed permanently medically

9 disqualified due to a service related disability

10 to be a police officer by the employer's

11 physician; and

12 [~~(iii)~~] (C) Continues employment in a class A or B

13 position other than a police officer;

14 then for each year of service as a firefighter, police officer,

15 corrections officer, investigator of the department of the

16 prosecuting attorney, investigator of the department of the

17 attorney general, narcotics enforcement investigator, water

18 safety officer, or public safety investigations staff

19 investigator, the retirement allowance shall be two and one-half

20 per cent of the member's average final compensation. The

21 maximum retirement allowance for those members shall not exceed

22 eighty per cent of the member's average final compensation. If



1 the member has not attained age fifty-five, the member's  
2 retirement allowance shall be computed as though the member had  
3 attained age fifty-five, reduced for age as provided in  
4 subsection ~~[(b)]~~ (e).

5 ~~[(2)]~~ (c) If ~~[the]~~ a member who became a member prior to  
6 July 1, 2012, has credited service as a judge, the member's  
7 retirement allowance shall be computed on the following basis:

8 ~~[(A)]~~ (1) For a member who has credited service as a judge  
9 before July 1, 1999, irrespective of age, for each  
10 year of credited service as a judge, three and one-  
11 half per cent of the member's average final  
12 compensation in addition to an annuity that is the  
13 actuarial equivalent of the member's accumulated  
14 contributions allocable to the period of service;  
15 ~~[and]~~

16 ~~[(B)]~~ (2) For a member who first earned credited service  
17 as a judge after June 30, 1999, for each year of  
18 credited service as a judge, three and one-half per  
19 cent of the member's average final compensation in  
20 addition to an annuity that is the actuarial  
21 equivalent of the member's accumulated contributions  
22 allocable to the period of service. If the member has



1 not attained age fifty-five, the member's retirement  
2 allowance shall be computed as though the member had  
3 attained age fifty-five, reduced for age as provided  
4 in subsection [~~(b)~~; ~~or~~] (e);

5 (3) For a member who first earned credited service as a  
6 judge after June 30, 2012, for each year of credited  
7 service as a judge, three per cent of the member's  
8 average final compensation in addition to an annuity  
9 that is the actuarial equivalent of the member's  
10 accumulated contributions allocable to the period of  
11 service. If the member has not attained age fifty-  
12 five, the member's retirement allowance shall be  
13 computed as though the member had attained age fifty-  
14 five, reduced for age as provided in subsection (i);

15 [~~(c)~~] (4) For a judge with other credited service, as  
16 provided in [~~paragraph (1). If~~] subsection (b);  
17 provided that if the member has not attained age  
18 fifty-five, the member's retirement allowance shall be  
19 computed as though the member had attained age fifty-  
20 five, reduced for age as provided in subsection [~~(b)~~;  
21 or] (e); and



1           ~~[(D)]~~ (5) For a judge with credited service as an elective  
2           officer or as a legislative officer, as provided in  
3           ~~[paragraph (3).]~~ section (d).

4 No allowance shall exceed seventy-five per cent of the member's  
5 average final compensation. If the allowance exceeds this  
6 limit, it shall be adjusted by reducing the annuity included in  
7 ~~[subparagraphs (A) and (B)]~~ paragraphs (1), (2), and (3), and  
8 the portion of the accumulated contributions specified in ~~[the~~  
9 ~~subparagraphs]~~ paragraphs (1), (2), and (3), in excess of the  
10 requirements of the reduced annuity shall be returned to the  
11 member upon the member's retirement or paid to the member's  
12 designated beneficiary upon the member's death while in service  
13 or while on authorized leave without pay. The allowance for  
14 judges under this ~~[paragraph,]~~ subsection, together with the  
15 retirement allowance provided by the federal government for  
16 similar service, shall in no case exceed seventy-five per cent  
17 of the member's average final compensation~~[, or]~~.

18           ~~[(3)]~~ (d) If ~~[the]~~ a member who became a member before  
19 July 1, 2012, has credited service as an elective officer or as  
20 a legislative officer, the member's retirement allowance shall  
21 be derived by adding the allowances computed separately under



1 ~~[subparagraphs (A), (B), (C), and (D)]~~ paragraphs (1), (2), (3),  
2 (4), (5), and (6) as follows:

3 ~~[(A)]~~ (1) ~~[Irrespective]~~ For a member who has credited  
4 service as an elective officer before July 1, 2012,  
5 irrespective of age, for each year of credited service  
6 as an elective officer, three and one-half per cent of  
7 the member's average final compensation as computed  
8 under section 88-81(e) (1), in addition to an annuity  
9 that is the actuarial equivalent of the member's  
10 accumulated contributions allocable to the period of  
11 service; [and]

12 (2) For a member who first earned credited service as an  
13 elective officer after June 30, 2012, irrespective of  
14 age, for each year of credited service as an elective  
15 officer, three per cent of the member's average final  
16 compensation as computed under section 88-81(e) (1), in  
17 addition to an annuity that is the actuarial  
18 equivalent of the member's accumulated contributions  
19 allocable to the period of service;

20 ~~[(B)]~~ (3) ~~[Irrespective]~~ For a member who has credited  
21 service as a legislative officer before July 1, 2012,  
22 irrespective of age, for each year of credited service





1 as a legislative officer, three and one-half per cent  
2 of the member's average final compensation as computed  
3 under section 88-81(e)(2), in addition to an annuity  
4 that is the actuarial equivalent of the member's  
5 accumulated contributions allocable to the period of  
6 service;

7 (4) For a member who first earned credited service as a  
8 legislative officer after June 30, 2012, irrespective  
9 of age, for each year of credited service as a  
10 legislative officer, three per cent of the member's  
11 average final compensation as computed under section  
12 88-81(e)(2), in addition to an annuity that is the  
13 actuarial equivalent of the member's accumulated  
14 contributions allocable to the period of service;

15 [~~(C)~~] (5) If the member has credited service as a judge,  
16 the member's retirement allowance shall be computed on  
17 the following basis:

18 [~~(i)~~] (A) For a member who has credited service as a  
19 judge before July 1, 1999, irrespective of age,  
20 for each year of credited service as a judge,  
21 three and one-half per cent of the member's  
22 average final compensation as computed under



1 section 88-81(e)(3), in addition to an annuity  
2 that is the actuarial equivalent of the member's  
3 accumulated contributions allocable to the period  
4 of service; and

5 ~~[(ii)]~~ (B) For a member who first earned credited  
6 service as a judge after June 30, 1999, but  
7 before July 1, 2012, and has attained the age of  
8 fifty-five, for each year of credited service as  
9 a judge, three and one-half per cent of the  
10 member's average final compensation as computed  
11 under section 88-81(e)(3), in addition to an  
12 annuity that is the actuarial equivalent of the  
13 member's accumulated contributions allocable to  
14 the period of service. If the member has not  
15 attained age fifty-five, the member's retirement  
16 allowance shall be computed as though the member  
17 had attained age fifty-five, reduced for age as  
18 provided in subsection ~~[(b)]~~ (e); and

19 (C) For a member who first earned credited service as  
20 a judge after June 30, 2012, and has attained the  
21 age of fifty-five, for each year of credited  
22 service as a judge, three per cent of the



1           member's average final compensation as computed  
2           under section 88-81(e) (3), in addition to an  
3           annuity that is the actuarial equivalent of the  
4           member's accumulated contributions allocable to  
5           the period of service. If the member has not  
6           attained age fifty-five, the member's retirement  
7           allowance shall be computed as though the member  
8           had attained age fifty, reduced for age as  
9           provided in subsection (e);

10       ~~[(D)]~~ (6) For each year of credited service not included  
11       in ~~[subparagraph (A), (B), or (C),]~~ paragraph (1),  
12       (2), (3), (4), or (5), the average final compensation  
13       as computed under section 88-81(e) (4) shall be  
14       multiplied by two per cent for credited service earned  
15       as a class A or class H member, two and one-half per  
16       cent for credited service earned as a class B member,  
17       and one and one-quarter per cent for credited service  
18       earned as a class C member. If the member has not  
19       attained age fifty-five, the member's retirement  
20       allowance shall be computed as though the member had  
21       attained age fifty-five, reduced for age as provided  
22       in subsection ~~[(b)-]~~ (e).



1 The total retirement allowance shall not exceed seventy-five per  
2 cent of the member's highest average final compensation  
3 calculated under section 88-81(e) (1), (2), (3), or (4). If the  
4 allowance exceeds this limit, it shall be adjusted by reducing  
5 any annuity accrued under [~~subparagraphs (A), (B), and (C)~~]  
6 paragraphs (1), (2), (3), (4), and (5) and the portion of the  
7 accumulated contributions specified in these [~~subparagraphs~~]  
8 paragraphs in excess of the requirements of the reduced annuity  
9 shall be returned to the member upon the member's retirement or  
10 paid to the member's designated beneficiary upon the member's  
11 death while in service or while on authorized leave without pay.  
12 If a member has service credit as an elective officer or as a  
13 legislative officer in addition to service credit as a judge,  
14 then the retirement benefit calculation contained in this  
15 [~~paragraph~~] subsection shall supersede the formula contained in  
16 [~~paragraph (2)~~] subsection (c).

17 [~~(b)~~] (e) Except as provided in [~~subsection (a)~~],  
18 subsections (b), (c), and (d), if a member who became a member  
19 before July 1, 2012, has not attained age fifty-five at the date  
20 of retirement, the member's retirement allowance shall be  
21 reduced, for each month the member's age at the date of  
22 retirement is below age fifty-five, as follows:



1           (1) 0.4166 per cent for each month below age fifty-five  
2           and above age forty-nine and eleven months; plus  
3           (2) 0.3333 per cent for each month below age fifty and  
4           above age forty-four and eleven months; plus  
5           (3) 0.2500 per cent for each month below age forty-five  
6           and above age thirty-nine and eleven months; plus  
7           (4) 0.1666 per cent for each month below age forty;  
8 provided that no reduction shall be made if the member has at  
9 least twenty-five years of credited service as a firefighter,  
10 police officer, corrections officer, investigator of the  
11 department of the prosecuting attorney, investigator of the  
12 department of the attorney general, narcotics enforcement  
13 investigator, public safety investigations staff investigator,  
14 sewer worker, or water safety officer, of which the last five or  
15 more years prior to retirement is credited service in these  
16 capacities.

17           (f) If a member, who became a member after June 30, 2012,  
18 has attained age fifty-five, the member's maximum retirement  
19 allowance shall be one and three-quarters per cent of the  
20 member's average final compensation multiplied by the total  
21 number of years of the member's credited service as a class A  
22 and B member, excluding any credited service as a judge,



1 elective officer, or legislative officer, plus a retirement  
2 allowance of one and one-fourth per cent of the member's average  
3 final compensation multiplied by the total number of years of  
4 prior credited service as a class C member, plus a retirement  
5 allowance of one and three-quarters per cent of the member's  
6 average final compensation multiplied by the total number of  
7 years of prior credited service as a class H member; provided  
8 that:

- 9       (1) If the member has at least ten years of credited  
10       service, of which the last five or more years prior to  
11       retirement is credited service as a firefighter,  
12       police officer, or an investigator of the department  
13       of the prosecuting attorney;
- 14       (2) If the member has at least ten years of credited  
15       service, of which the last five or more years prior to  
16       retirement is credited service as a corrections  
17       officer;
- 18       (3) If the member has at least ten years of credited  
19       service, of which the last five or more years prior to  
20       retirement is credited service as an investigator of  
21       the department of the attorney general;



- 1        (4) If the member has at least ten years of credited  
2        service, of which the last five or more years prior to  
3        retirement is credited service as a narcotics  
4        enforcement investigator;
- 5        (5) If the member has at least ten years of credited  
6        service, of which the last five or more years prior to  
7        retirement is credited service as a water safety  
8        officer;
- 9        (6) If the member has at least ten years of credited  
10       service, of which the last five or more years prior to  
11       retirement are credited service as a public safety  
12       investigations staff investigator;
- 13       (7) If the member:
- 14       (A) Has at least ten years of credited service as a  
15       firefighter;
- 16       (B) Is deemed permanently medically disqualified due  
17       to a service related disability to be a  
18       firefighter by the employer's physician; and
- 19       (C) Continues employment in a class A or B position  
20       other than a firefighter; and
- 21       (8) If the member:



1           (A) Has at least ten years of credited service as a  
2           police officer;

3           (B) Is deemed permanently medically disqualified due  
4           to a service related disability to be a police  
5           officer by the employer's physician; and

6           (C) Continues employment in a class A or B position  
7           other than a police officer,  
8           then for each year of service as a firefighter, police officer,  
9           corrections officer, investigator of the department of the  
10           prosecuting attorney, investigator of the department of the  
11           attorney general, narcotics enforcement investigator, water  
12           safety officer, or public safety investigations staff  
13           investigator, the retirement allowance shall be two and one-  
14           quarter per cent of the member's average final compensation.  
15           The maximum retirement allowance for those members shall not  
16           exceed eighty per cent of the member's average final  
17           compensation. If the member has not attained age fifty-five,  
18           the member's retirement allowance shall be computed as though  
19           the member had attained age fifty-five, reduced for age as  
20           provided in subsection (i).





1        (g) If a member who became a member after June 30, 2012,  
2 has credited service as a judge, the member's retirement  
3 allowance shall be computed on the following basis:

4        (1) For each year of credited service as a judge, three  
5 per cent of the member's average final compensation in  
6 addition to an annuity that is the actuarial  
7 equivalent of the member's accumulated contributions  
8 allocable to the period of service. If the member has  
9 not attained age fifty-five, the member's retirement  
10 allowance shall be computed as though the member had  
11 attained age fifty-five, reduced for age as provided  
12 in subsection (i);

13        (2) For a judge with other credited service, as provided  
14 in subsection (f) or (h), as applicable. If the  
15 member has not attained age fifty-five, the member's  
16 retirement allowance shall be computed as though the  
17 member had attained age fifty-five, reduced for age as  
18 provided in subsection (i); and

19        (3) For a judge with credited service as an elective  
20 officer or as a legislative officer, as provided in  
21 subsection (h).



1 No allowance shall exceed seventy-five per cent of the member's  
2 average final compensation. If the allowance exceeds this  
3 limit, it shall be adjusted by reducing the annuity included in  
4 paragraph (1), and the portion of the accumulated contributions  
5 specified in paragraph (1) in excess of the requirements of the  
6 reduced annuity shall be returned to the member upon the  
7 member's retirement or paid to the member's designated  
8 beneficiary upon the member's death while in service or while on  
9 authorized leave without pay. The allowance for judges under  
10 this subsection, together with the retirement allowance provided  
11 by the federal government for similar service, shall in no case  
12 exceed seventy-five per cent of the member's average final  
13 compensation.

14 (h) If a member who becomes a member after June 30, 2012,  
15 has credited service as an elective officer or as a legislative  
16 officer, the member's retirement allowance shall be derived by  
17 adding the allowances computed separately under paragraphs (1),  
18 (2), (3), and (4) as follows:

19 (1) Irrespective of age, for each year of credited service  
20 as an elective officer, three per cent of the member's  
21 average final compensation as computed under section  
22 88-81(f)(1), in addition to an annuity that is the



1 actuarial equivalent of the member's accumulated  
2 contributions allocable to the period of service;

3 (2) Irrespective of age, for each year of credited service  
4 as a legislative officer, three per cent of the  
5 member's average final compensation as computed under  
6 section 88-81(f) (2), in addition to an annuity that is  
7 the actuarial equivalent of the member's accumulated  
8 contributions allocable to the period of service;

9 (3) Irrespective of age, for each year of credited service  
10 as a judge, three per cent of the member's average  
11 final compensation as computed under section 88-  
12 81(f) (3), in addition to an annuity that is the  
13 actuarial equivalent of the member's accumulated  
14 contributions allocable to the period of service; and

15 (4) For each year of credited service not included in  
16 paragraph (1), (2), or (3), the average final  
17 compensation as computed under section 88-81(f) (4)  
18 shall be multiplied by one and three-quarters per cent  
19 for credited service earned as a class A or class H  
20 member, two and one-quarter per cent for credited  
21 service earned as a class B member, and one and one-  
22 quarter per cent for credited service earned as a



1 class C member. If the member has not attained age  
2 fifty-five, the member's retirement allowance shall be  
3 computed as though the member had attained age  
4 fifty-five, reduced for age as provided in  
5 subsection (i).

6 The total retirement allowance shall not exceed seventy-five per  
7 cent of the member's highest average final compensation  
8 calculated under section 88-81(f)(1), (2), (3), or (4). If the  
9 allowance exceeds this limit, it shall be adjusted by reducing  
10 any annuity accrued under paragraphs (1), (2), and (3) and the  
11 portion of the accumulated contributions specified in these  
12 paragraphs in excess of the requirements of the reduced annuity  
13 shall be returned to the member upon the member's retirement or  
14 paid to the member's designated beneficiary upon the member's  
15 death while in service or while on authorized leave without pay.  
16 If a member has service credit as an elective officer or as a  
17 legislative officer in addition to service credit as a judge,  
18 then the retirement benefit calculation contained in this  
19 subsection shall supersede the formula contained in  
20 subsection (g).

21 (i) Except as provided in subsections (f), (g), and (h),  
22 if a member, who becomes a member after June 30, 2012, has not



1 attained age fifty-five at the date of retirement, the member's  
2 retirement allowance shall be reduced, for each month the  
3 member's age at the date of retirement is below age fifty-five,  
4 as follows:

5 (1) 0.4166 per cent for each month below age fifty-five  
6 and above age forty-nine and eleven months; plus

7 (2) 0.3333 per cent for each month below age fifty and  
8 above age forty-four and eleven months; plus

9 (3) 0.2500 per cent for each month below age forty-five  
10 and above age thirty-nine and eleven months; plus

11 (4) 0.1666 per cent for each month below age forty;

12 provided that no reduction shall be made if the member has at  
13 least twenty-five years of credited service as a firefighter,  
14 police officer, corrections officer, investigator of the  
15 department of the prosecuting attorney, investigator of the  
16 department of the attorney general, narcotics enforcement  
17 investigator, public safety investigations staff investigator,  
18 sewer worker, water safety officer, or emergency medical  
19 technician, of which the last five or more years prior to  
20 retirement is credited service in these capacities."

21 SECTION 5. Section 88-74.6, Hawaii Revised Statutes, is  
22 amended to read as follows:



1           "§88-74.6 Unreduced allowance on service retirement; when  
2 applicable. In addition to those positions identified in  
3 section [~~88-74(b)~~] 88-74(e) and notwithstanding any law in this  
4 part that requires a member to attain age fifty-five to qualify  
5 for an unreduced service retirement allowance, if [the] a member  
6 who became a member before July 1, 2012, has at least [thirty]:

7           (1) Thirty years of credited service through June 30,  
8           2003; [~~twenty-nine~~]

9           (2) Twenty-nine years of credited service on or after  
10           July 1, 2004; [~~twenty-eight~~]

11           (3) Twenty-eight years of credited service on or after  
12           July 1, 2005; [~~twenty-seven~~]

13           (4) Twenty-seven years of credited service on or after  
14           July 1, 2006; [~~twenty-six~~]

15           (5) Twenty-six years of credited service on or after  
16           July 1, 2007; and [~~twenty-five~~]

17           (6) Twenty-five years of credited service on or after  
18           July 1, 2008,

19 as an emergency medical technician, of which the last five or  
20 more years prior to retirement is credited service in that  
21 capacity, then upon retirement and irrespective of age, that



1 member's service retirement allowance shall not be reduced for  
2 actuarial purposes."

3 SECTION 6. Section 88-81, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§88-81 **Average final compensation.** (a) Average final  
6 compensation is the average annual compensation pay or salary  
7 upon which a member has made contributions as required by parts  
8 II, VII, and VIII of this chapter.

9 (b) The average final compensation of members shall be  
10 calculated as follows:

11 (1) For employees who become members [~~prior to~~] before  
12 January 1, 1971:

13 (A) During the member's five highest paid years of  
14 credited service, including vacation pay, or the  
15 three highest paid years of credited service  
16 excluding vacation pay, whichever is greater; or

17 (B) If the member has [~~less~~] fewer than three years  
18 of credited service, during the member's actual  
19 years of credited service.

20 (2) For employees who become members [~~on or after~~  
21 January 1, 1971;] after December 31, 1970, but before  
22 July 1, 2012:



1 (A) During the member's three highest paid years of  
2 credited service, excluding vacation pay; or

3 (B) If the member has [~~less~~] fewer than three years  
4 of credited service, during the member's actual  
5 years of credited service.

6 (3) For employees who become members after June 30, 2011:

7 (A) During the member's five highest paid years of  
8 credited service, excluding vacation pay; or

9 (B) If the member has fewer than five years of  
10 credited service, during the member's actual  
11 years of credited service.

12 (c) In computing the compensation of a judge, the  
13 compensation paid to the judge by the United States as well as  
14 by the Territory shall be included.

15 (d) For service rendered as a member of the legislature  
16 from and after November 5, 1968, the actual annual salary of a  
17 member shall be the only amount used for determining the  
18 member's average final compensation. For service rendered as a  
19 member of the legislature prior to November 5, 1968, and after  
20 admission of this State into the Union, the annual compensation  
21 of a member shall be computed, for the purpose of determining  
22 the member's average final compensation, as follows: during a





1 year in which a general session was held, it shall be deemed to  
2 have been an amount equal to four times the salary of a member  
3 of the legislature for a general session; and during a year in  
4 which a budget session was held, it shall be deemed to have been  
5 an amount equal to six times the salary of a member of the  
6 legislature for a budget session. For service rendered as a  
7 member of the legislature prior to the admission of this State  
8 into the Union, the annual compensation of a member shall be  
9 deemed to have been four times the salary of a member of the  
10 legislature for a regular session for each year during the  
11 member's term of office.

12 (e) If a member who became a member before July 1, 2012,  
13 has credited service rendered as an elective officer or as a  
14 legislative officer, the member's average final compensation  
15 shall be computed separately for each category of service as  
16 follows:

17 (1) For the three highest paid years of credited service  
18 as an elective officer, or if the member has [less]  
19 fewer than three years of credited service in that  
20 capacity, then the member's actual years of credited  
21 service;



1           (2) For the three highest paid years of credited service  
2           as a legislative officer, or if the member has [~~less~~]  
3           fewer than three years of credited service in that  
4           capacity, then the member's actual years of credited  
5           service;

6           (3) For the three highest paid years of credited service  
7           as a judge, or if the member has [~~less~~] fewer than  
8           three years of credited service in that capacity, then  
9           the member's actual years of credited service; and

10          (4) For the three highest paid years of credited service  
11          not included in paragraph (1), (2), or (3), or if the  
12          member has [~~less~~] fewer than three years of credited  
13          service in that capacity, then the member's actual  
14          years of credited service.

15          (f) If a member who became a member after June 30, 2012,  
16          has credited service rendered as an elective officer or as a  
17          legislative officer, the member's average final compensation  
18          shall be computed separately for each category of service as  
19          follows:

20           (1) For the five highest paid years of credited service as  
21           an elective officer, or if the member has fewer than



1 five years of credited service in that capacity, then  
2 the member's actual years of credited service;

3 (2) For the five highest paid years of credited service as  
4 a legislative officer, or if the member has fewer than  
5 five years of credited service in that capacity, then  
6 the member's actual years of credited service;

7 (3) For the five highest paid years of credited service as  
8 a judge, or if the member has fewer than three years  
9 of credited service in that capacity, then the  
10 member's actual years of credited service; and

11 (4) For the five highest paid years of credited service  
12 not included in paragraph (1), (2), or (3), or if the  
13 member has fewer than five years of credited service  
14 in that capacity, then the member's actual years of  
15 credited service."

16 SECTION 7. Section 88-90, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "**§88-90 Post retirement allowances.** (a) There shall be  
19 payable to each person receiving any pension, annuity, or  
20 retirement allowance[7] a post retirement allowance which shall  
21 consist of an amount equivalent to one and one-half per cent of  
22 the monthly pension, annuity, or retirement allowance as



1 originally computed, approved, and paid. This benefit shall be  
2 added to the monthly pension, annuity, or retirement allowance  
3 on the first day of July in each year following June 30, 1961,  
4 as follows:

5 (1) To each person receiving a pension, annuity, or  
6 retirement allowance on June 30, 1961, payment of the  
7 benefit shall commence on July 1, 1961, except that  
8 after June 30, 1963, the monthly benefits payable  
9 under this subsection shall be computed and paid on  
10 the basis of the number of years that has elapsed  
11 since the person entitled thereto first became the  
12 recipient of the pension, annuity, or retirement  
13 allowance from which the benefit is derived[-]; and

14 (2) To each person first receiving a pension, annuity or  
15 retirement allowance after June 30, 1961, payment of  
16 the benefit shall commence on the first of July  
17 following the calendar year in which the payment of  
18 the pension, annuity, or retirement allowance is  
19 effective.

20 (b) After June 30, 1970, the post retirement allowance  
21 shall consist of an amount equivalent to two and one-half per  
22 cent of the monthly pension, annuity, or retirement allowance as



1 originally computed and paid. This benefit shall be payable on  
2 the first day of July in each year following June 30, 1970, as  
3 follows:

4 (1) To each person, who on June 30, 1970, was receiving a  
5 post retirement allowance as described under  
6 subsection (a) hereof, payment of the benefit shall  
7 commence on July 1, 1970[-]; and

8 (2) To each person first receiving a pension, annuity, or  
9 retirement allowance after December 31, 1968, payment  
10 of the benefit shall commence on the first day of July  
11 following the calendar year in which the payment of  
12 the pension, annuity, or retirement allowance is  
13 effective.

14 (c) Notwithstanding the provisions of subsections (a) and  
15 (b), for employees who become members after June 30, 2012, and  
16 for any person who receives a monthly pension, annuity, or  
17 retirement allowance as a beneficiary or survivor of the  
18 employee, the post-retirement allowance shall consist of an  
19 amount equivalent to one and one half per cent of the monthly  
20 pension, annuity, or retirement allowance as originally computed  
21 and paid. Payment of the benefit shall commence on the first



1 day of July following the calendar year in which the payment of  
2 the pension, annuity, or retirement allowance is effective."

3 SECTION 8. Section 88-96, Hawaii Revised Statutes, is  
4 amended by amending subsections (a) and (b) to read as follows:

5 "(a) Any member who ceases to be an employee and who  
6 becomes a member before July 1, 2012, and has fewer than five  
7 years of credited service, excluding unused sick leave, or who  
8 becomes a member after June 30, 2012, and has fewer than ten  
9 year of credited service, excluding sick leave, shall, upon  
10 application to the board, [~~shall~~] be paid all of the member's  
11 accumulated contributions and the member's membership shall  
12 thereupon terminate and all credited service shall be forfeited;  
13 provided that a member shall not be paid the member's  
14 accumulated contributions:

15 (1) If the member becomes an employee again within fifteen  
16 calendar days from the date the member ceased to be an  
17 employee; or

18 (2) If, at the time the application for return of  
19 accumulated contributions is received by the board,  
20 the member has become an employee again.

21 Regular interest shall be credited to the former employee's  
22 account until the former employee's accumulated contributions



1 are returned to the former employee; provided that the former  
2 employee's membership shall not continue after the fourth full  
3 year following the calendar year in which the individual's  
4 employment terminates. Upon termination of the former  
5 employee's membership, the former employee's credited service  
6 shall be forfeited and, if the former employee's accumulated  
7 contributions are \$1,000 or less at the time of distribution,  
8 the system shall return the former employee's contributions to  
9 the former employee. If the former employee does not become an  
10 employee again and if the former employee's accumulated  
11 contributions have not been withdrawn by the former employee or  
12 previously returned by the system to the former employee, the  
13 system shall return the former employee's accumulated  
14 contributions to the former employee as soon as possible after  
15 the former employee attains age sixty-two.

16 (b) Any member [~~having five or more years of credited~~  
17 ~~service~~] who ceases to be an employee [~~7~~] and who becomes a  
18 member before July 1, 2012, and has more than five years of  
19 credited service, excluding unused sick leave, or who becomes a  
20 member after June 30, 2012, and has more than ten years of  
21 credited service, excluding sick leave, shall, upon application  
22 to the board, [~~shall~~] be paid all of the member's accumulated



1 contributions and thereupon the former employee's membership  
2 shall terminate and all credited service shall be forfeited;  
3 provided that a member shall not be paid the member's  
4 accumulated contributions:

5 (1) If the member becomes an employee again within fifteen  
6 calendar days from the date the member ceased to be an  
7 employee; or

8 (2) If, at the time the application for return of  
9 accumulated contributions is received by the board,  
10 the member has become an employee again.

11 If the contributions are not withdrawn by the former employee  
12 within four calendar years following the calendar year in which  
13 the former employee's employment terminates, the former employee  
14 shall have established vested benefit status and shall be  
15 eligible for the service retirement benefit in effect at the  
16 time of the former employee's retirement, payable in accordance  
17 with this chapter; provided that if the former employee  
18 withdraws the former employee's accumulated contributions, the  
19 former employee's vested benefit status shall terminate and all  
20 credited service shall be forfeited."





1 SECTION 9. Section 88-311, Hawaii Revised Statutes, is  
2 amended by amending the definition of "hypothetical account  
3 balance" to read as follows:

4 "Hypothetical account balance" means:

5 (1) For members who became members before July 1, 2012,  
6 the sum of:

7 ~~[(1)]~~ (A) One and one-half times the sum of:

8 ~~[(A)]~~ (i) Employee contributions made, either by  
9 the member or on behalf of the member,  
10 pursuant to section 88-325; and

11 ~~[(B)]~~ (ii) Accumulated interest at the regular  
12 interest rate on the employee contributions;  
13 and

14 ~~[(2)]~~ (B) Any employee contributions, including rollovers  
15 and contributions used to convert credited service to  
16 class H credited service, or used to purchase service,  
17 and accumulated interest on the employee contributions  
18 at the regular interest rate ~~[-]~~; or

19 (2) For members who become members after June 30, 2012,  
20 the sum of:

21 (A) One and one-fifth times the sum of:



1            (i) Employee contributions made, either by the  
2            member or on behalf of the member, pursuant  
3            to section 88-325; and

4            (ii) Accumulated interest at the regular interest  
5            rate on the employee contributions; and

6            (B) Any employee contributions, including rollovers  
7            and contributions used to convert credited  
8            service to class H credited service, or used to  
9            purchase service, and accumulated interest on the  
10           employee contributions at the regular interest  
11           rate."

12           SECTION 10. Section 88-325, Hawaii Revised Statutes, is  
13 amended to read as follows:

14           "[~~§~~§88-325~~§~~] **Employee contributions.** (a) Each class H  
15 member who became a member before July 1, 2012, shall contribute  
16 six per cent of the member's compensation to the annuity savings  
17 fund; provided that each sewer worker, water safety officer, and  
18 emergency medical technician who became a member before July 1,  
19 2012, and is a class H member shall contribute nine and  
20 [seventy-five one-hundredths] three-quarters per cent of the  
21 member's compensation to the annuity savings fund for service in  
22 that capacity.



1        (b) Each class H member who becomes a member after  
2 June 30, 2012, shall contribute eight per cent of the member's  
3 compensation to the annuity savings fund; provided that each  
4 sewer worker, water safety officer, and emergency medical  
5 technician who becomes a member after June 30, 2012, and is a  
6 class H member shall contribute eleven and three-quarters per  
7 cent of the member's compensation to the annuity savings fund  
8 for service in that capacity."

9        SECTION 11. Section 88-331, Hawaii Revised Statutes, is  
10 amended by amending subsection (a) to read as follows:

11        "(a) A class H member who:

12        (1) Became a member before July 1, 2012, and has at least  
13        five years of credited service and has attained age  
14        sixty-two [~~7, or a class H member with~~];

15        (2) Became a member before July 1, 2012, and has at least  
16        thirty years credited service [~~who~~] and has attained  
17        the age of fifty-five; or

18        (3) Becomes a member after June 30, 2012, and has at least  
19        ten years of credited service and has attained age  
20        sixty-five;

21 shall become eligible to receive a retirement allowance after  
22 the member has terminated service."



1 SECTION 12. Section 88-332, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§88-332 Service retirement allowance. (a) Upon  
4 retirement from service, a class H member who became a member  
5 before July 1, 2012, shall receive a maximum retirement  
6 allowance as follows:

7 (1) If the member has met the requirements in section  
8 88-331(a), (b), or (d), a maximum retirement allowance  
9 of two per cent of the average final compensation  
10 multiplied by the number of years of class H credited  
11 service, plus a retirement allowance at the rate of  
12 one and one-fourth per cent of the member's average  
13 final compensation multiplied by the number of years  
14 of class C credited service; or

15 (2) If the member has met the requirements in section  
16 88-331(c), an early retirement allowance equal to the  
17 maximum retirement allowance calculated as provided in  
18 paragraph (1), reduced by 0.4166 per cent for each  
19 month the member is less than age sixty-two at  
20 retirement.



1        (b) Upon retirement from service, a class H member who  
2 became a member after June 30, 2012, shall receive a maximum  
3 retirement allowance as follows:

4        (1) If the member has met the requirements in section 88-  
5 331(a), (b), or (d), a maximum retirement allowance of  
6 one and three-quarters per cent of the average final  
7 compensation multiplied by the number of years of  
8 class H credited service, plus a retirement allowance  
9 at the rate of one and one-fourth per cent of the  
10 member's average final compensation multiplied by the  
11 number of years of class C credited service; or

12        (2) If the member has met the requirements in section  
13 88-331(c), an early retirement allowance equal to the  
14 maximum retirement allowance calculated as provided in  
15 paragraph (1), reduced by 0.4166 per cent for each  
16 month the member is less than age sixty-five at  
17 retirement."

18        SECTION 13. Section 88-341, Hawaii Revised Statutes, is  
19 amended by amending subsections (a) and (b) to read as follows:

20        "(a) Any class H member who ceases to be an employee and  
21 who became a member before July 1, 2012, and has fewer than five  
22 years of credited service, excluding unused sick leave, or who



1 becomes a member after June 30, 2012, and has fewer than ten  
2 years of credited service, excluding unused sick leave, shall,  
3 upon application to the board, be paid all of the former  
4 employee's accumulated contributions, and the former employee's  
5 membership shall thereupon terminate and all credited service  
6 shall be forfeited; provided that an individual shall not be  
7 paid the individual's accumulated contributions if either:

8 (1) The individual becomes an employee again within  
9 fifteen calendar days from the date the individual  
10 ceased to be an employee; or

11 (2) At the time the application for return of accumulated  
12 contributions is received by the board, the individual  
13 has become an employee again.

14 Regular interest shall be credited to the former employee's  
15 account until the former employee's accumulated contributions  
16 are withdrawn; provided that the former employee's membership  
17 shall not continue after the fourth full year following the  
18 calendar year in which the individual's employment terminates.  
19 If the former employee does not become an employee again and has  
20 not withdrawn the former employee's accumulated contributions,  
21 the system shall return the former employee's accumulated



1 contributions to the former employee as soon as possible after  
2 the former employee attains age sixty-two.

3 (b) Any class H member [~~having five or more years of~~  
4 ~~credited service~~] who ceases to be an employee[~~7~~] and who became  
5 a member before July 1, 2012, and has more than five years of  
6 credited service, excluding unused sick leave, or who becomes a  
7 member after June 30, 2012, and has more than ten years of  
8 credited service, excluding sick leave, shall, upon application  
9 to the board, [~~shall~~] be paid an amount equal to the former  
10 employee's hypothetical account balance and the former  
11 employee's membership shall thereupon terminate and all credited  
12 service shall be forfeited; provided that the individual shall  
13 not be paid the individual's hypothetical account balance if  
14 either:

15 (1) The individual becomes an employee again within  
16 fifteen calendar days from the date the individual  
17 ceased to be an employee; or

18 (2) At the time the application for payment of the  
19 individual's hypothetical account balance is received  
20 by the board, the individual has become an employee  
21 again.



1           If the contributions are not withdrawn by the former  
2 employee after the individual's employment terminates, the  
3 former employee shall have vested benefit status and shall be  
4 eligible for the service retirement benefit in effect at the  
5 time of the former employee's retirement, payable in accordance  
6 with this chapter."

7           SECTION 14. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9           SECTION 15. This Act shall take effect on July 1, 2050.

10





**Report Title:**

Employees' Retirement System

**Description:**

Amends retirement benefits for state and county employees who become members of the employees' retirement system after June 30, 2012. Effective 7/1/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

