

S.B. NO. 2751

JAN 25 2012

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 88-24, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§88-24 Composition of board.** The board of trustees shall
4 consist of eight members as follows:

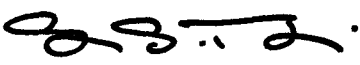
- 5 (1) The director of finance of the State, ex officio;
- 6 (2) Four members of the system, two of whom shall be
7 general employees, one of whom shall be a teacher, and
8 one of whom shall be a retirant to be elected by the
9 members and retirants of the system under rules
10 adopted by the board governing the election to serve
11 for terms of six years each, one of the terms to
12 expire on January 1 of each even-numbered year;
13 provided that, if after the close of filing of
14 petitions for candidacy, a member is unopposed for
15 election to a trustee position, the member shall be
16 deemed and declared to be duly and legally elected to
17 the position of trustee without an election; and

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1 (3) Three citizens of the State who are not employees, one
 2 of whom [~~shall be a responsible officer of a bank~~
 3 ~~authorized to do business within the State, or a~~
 4 ~~person of similar experience,~~] has substantial
 5 experience providing financial services, including
 6 investments, to public, corporate, or private
 7 institutional clients, to be appointed by the
 8 governor, with the advice and consent of the senate,
 9 to serve for a term of six years each, one of the
 10 terms to expire January 1 of each odd-numbered year.
 11 Each trustee shall serve until the trustee's successor is
 12 elected or appointed, as the case may be, and qualified. For
 13 the purpose of this section, the term "general employees"
 14 includes police officers and firefighters."

15 SECTION 2. Statutory material to be repealed is bracketed
 16 and stricken. New statutory material is underscored.

17 SECTION 3. This Act shall take effect upon its approval.

18
 19 INTRODUCED BY: 

20 BY REQUEST

21

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Report Title:

Employees' Retirement System

Description:

Changes one of the requirements to become a member of the Board of Trustees of the Employees' Retirement System of the State of Hawaii.

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

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

PURPOSE: To include the requirement that one member of the board of trustees of the Employees' Retirement System of the State of Hawaii shall have investment experience.

MEANS: Amend section 88-24, Hawaii Revised Statutes.

JUSTIFICATION: The Employees' Retirement System of the State of Hawaii currently has over \$11 billion in domestic and international investments. Investment decisions made by the board of trustees concerning the \$11 billion of investments are critical to the current and future funding of the ERS, which has an unfunded actuarial accrued liability of \$7.1 billion as of June 30, 2010. Because investments are critical to the overall funding of the ERS, it is imperative that one of the board of trustees have investment experience. While contributions from employers and employees are 2 other sources of money received to help fund the system, investments have a greater impact to the future sustainability of the system during periods of declining or stabilizing of the Hawaii economy.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: BUF-141/Retirement.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.