



GOV. MSG. NO. 1185

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 5, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 5, 2015, the following bill was signed into law:

SB1087 SD1 HD1

RELATING TO THE EMPLOYEES' RETIREMENT
SYSTEM
ACT 085 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor

on JUN 5 2015

THE SENATE
TWENTY-EIGHTH LEGISLATURE, 2015
STATE OF HAWAII

ACT 085
S.B. NO. 1087
S.D. 1
H.D. 1

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 88-96, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) Any member who ceases to be an employee and who
4 became a member before July 1, 2012, and has fewer than five
5 years of credited service, excluding unused sick leave, or who
6 becomes a member after June 30, 2012, and has fewer than ten
7 years of credited service, excluding sick leave, shall, upon
8 application to the board, be paid all of the member's
9 accumulated contributions and the member's membership shall
10 thereupon terminate and all credited service shall be forfeited;
11 provided that a member shall not be paid the member's
12 accumulated contributions:
13 (1) If the member becomes an employee again within fifteen
14 calendar days from the date the member ceased to be an
15 employee; or



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

4 Regular interest shall be credited to the former employee's
5 account until the former employee's accumulated contributions
6 are returned to the former employee; provided that the former
7 employee's membership shall not continue after the fourth full
8 year following the calendar year in which the individual's
9 employment terminates. Upon termination of the former
10 employee's membership, the former employee's credited service
11 shall be forfeited and, if the former employee's accumulated
12 contributions are \$1,000 or less at the time of distribution,
13 the system shall return the former employee's contributions to
14 the former employee. If the former employee does not become an
15 employee again and if the former employee's accumulated
16 contributions have not been withdrawn by the former employee or
17 previously returned by the system to the former employee, the
18 system shall return the former employee's accumulated
19 contributions to the former employee as soon as possible after
20 the later of: (A) the former employee [attains] attaining age



1 sixty-two[-]; or (B) the termination of the former employee's
2 membership."

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

5 1. By amending subsection (a) to read:

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

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

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



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

13 2. By amending subsection (c) to read:

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

20 (1) The former [~~member had less than five years of~~
21 ~~credited service at the time of death, the former]~~



1 member's accumulated contributions [~~+~~], if the
 2 former member became a member before July 1, 2015, and
 3 had fewer than five years of credited service at the
 4 time of death or if the former member became a member
 5 after June 30, 2015, and had fewer than ten years of
 6 credited service at the time of death; or

7 (2) The former [~~member had five or more years of credited~~
 8 ~~service at the time of death, the former]~~ member's
 9 hypothetical account balance[-], if the former member
 10 became a member before July 1, 2015, and had five or
 11 more years of credited service at the time of death or
 12 if the former member became a member after June 30,
 13 2015, and had ten or more years of credited service at
 14 the time of death."

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

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

APPROVED this 5 day of JUN, 2015



GOVERNOR OF THE STATE OF HAWAII