RELATING TO EMPLOYEES' RETIREMENT SYSTEM.

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

SECTION 1. Section 88-74, Hawaii Revised Statutes, is amended to read as follows:

"§88-74 Allowance on service retirement. (a) Upon retirement from service, a member shall receive a maximum retirement allowance as provided in this section.

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

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

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

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

(4) After June 30, 1989, if the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a narcotics enforcement investigator;
(5) After December 31, 1993, if the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a water safety officer;

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

(7) After June 30, 2002, if the member:
   (A) Has at least ten years of credited service as a firefighter;
   (B) Is deemed permanently medically disqualified due to a service related disability to be a firefighter by the employer's physician; and
   (C) Continues employment in a class A or B position other than a firefighter; and

(8) After June 30, 2004, if the member:
   (A) Has at least ten years of credited service as a police officer;
(B) Is deemed permanently medically disqualified due to a service related disability to be a police officer by the employer's physician; and

(C) Continues employment in a class A or B position other than a police officer; then for each year of service as a firefighter, police officer, corrections officer, investigator of the department of the prosecuting attorney, investigator of the department of the attorney general, narcotics enforcement investigator, water safety officer, or public safety investigations staff investigator, the retirement allowance shall be two and one-half per cent of the member's average final compensation. The maximum retirement allowance for those members shall not exceed eighty per cent of the member's average final compensation. If the member has not attained age fifty-five, the member's retirement allowance shall be computed as though the member had attained age fifty-five, reduced for age as provided in subsection (e).

(c) If a member, who became a member prior to July 1, 2012, has credited service as a judge, the member's retirement allowance shall be computed on the following basis:
(1) For a member who has credited service as a judge before July 1, 1999, irrespective of age, for each year of credited service as a judge, three and one-half per cent of the member's average final compensation in addition to an annuity that is the actuarial equivalent of the member's accumulated contributions allocable to the period of service;

(2) For a member who first earned credited service as a judge after June 30, 1999, but before July 1, 2012, for each year of credited service as a judge, three and one-half per cent of the member's average final compensation in addition to an annuity that is the actuarial equivalent of the member's accumulated contributions allocable to the period of service. If the member has not attained age fifty-five, the member's retirement allowance shall be computed as though the member had attained age fifty-five, reduced for age as provided in subsection (e);

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

(4) For a judge with other credited service, as provided in subsection (b). If the member has not attained age fifty-five, the member's retirement allowance shall be computed as though the member had attained age fifty-five, reduced for age as provided in subsection (e);

or

(5) For a judge with credited service as an elective officer or as a legislative officer, as provided in subsection (d).

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

(d) If a member, who became a member before July 1, 2012, has credited service as an elective officer or as a legislative officer, the member's retirement allowance shall be derived by adding the allowances computed separately under paragraphs (1), (2), (3), (4), (5), and (6) as follows:

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

(3) For a member who has credited service as a legislative officer before July 1, 2012, irrespective of age, for each year of credited service as a legislative officer, three and one-half per cent of the member's average final compensation as computed under section 88-81(e)(2), in addition to an annuity that is the actuarial equivalent of the member's accumulated contributions allocable to the period of service;

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

(5) If the member has credited service as a judge, the
member's retirement allowance shall be computed on the
following basis:

(A) For a member who has credited service as a judge
before July 1, 1999, irrespective of age, for
each year of credited service as a judge, three
and one-half per cent of the member's average
final compensation as computed under section 88-
81(e)(3), in addition to an annuity that is the
actuarial equivalent of the member's accumulated
contributions allocable to the period of service;

(B) For a member who first earned credited service as
a judge after June 30, 1999, but before July 1,
2012, and has attained the age of fifty-five, for
each year of credited service as a judge, three
and one-half per cent of the member's average
final compensation as computed under section 88-
81(e)(3), in addition to an annuity that is the
actuarial equivalent of the member's accumulated contributions allocable to the period of service.

If the member has not attained age fifty-five, the member's retirement allowance shall be computed as though the member had attained age fifty-five, reduced for age as provided in subsection (e); and

(C) For a member who first earned credited service as a judge after June 30, 2012, and has attained the age of sixty, for each year of credited service as a judge, three per cent of the member's average final compensation as computed under section 88-81(e)(3), in addition to an annuity that is the actuarial equivalent of the member's accumulated contributions allocable to the period of service. If the member has not attained age sixty, the member's retirement allowance shall be computed as though the member had attained age sixty, reduced for age as provided in subsection (i); and
(6) For each year of credited service not included in paragraph (1), (2), (3), (4), or (5), the average final compensation as computed under section 88-81(e)(4) shall be multiplied by two per cent for credited service earned as a class A or class H member, two and one-half per cent for credited service earned as a class B member, and one and one-quarter per cent for credited service earned as a class C member. If the member has not attained age fifty-five, the member's retirement allowance shall be computed as though the member had attained age fifty-five, reduced for age as provided in subsection (e).

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

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

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

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

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

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

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

(f) If a member, who becomes a member after June 30, 2012,
has attained age sixty, the member's maximum retirement
allowance shall be one and three-fourths per cent of the
member's average final compensation multiplied by the total
number of years of the member's credited service as a class A
and class B member, excluding any credited service as a judge,
elective officer, or legislative officer, plus a retirement
allowance of one and one-fourth per cent of the member's average
final compensation multiplied by the total number of years of
prior credited service as a class C member, plus a retirement
allowance of one and three-fourths per cent of the member's
average final compensation multiplied by the total number of
years of prior credited service as a class H member; provided

that:
1. If the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a firefighter, police officer, or an investigator of the department of the prosecuting attorney;

2. If the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a corrections officer;

3. If the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as an investigator of the department of the attorney general;

4. If the member has at least ten years of credited service of which the last five or more years prior to retirement is credited service as a narcotics enforcement investigator;

5. If the member has at least ten years of credited service, of which the last five or more years prior to retirement is credited service as a public safety investigations staff investigator;
(6) If the member:
(A) Has at least ten years of credited service as a firefighter;
(B) Is deemed permanently medically disqualified due to a service related disability to be a firefighter by the employer's physician; and
(C) Continues employment in a class A or class B position other than a firefighter; and

(7) If the member:
(A) Has at least ten years of credited service as a police officer;
(B) Is deemed permanently medically disqualified due to a service related disability to be a police officer by the employer's physician; and
(C) Continues employment in a class A or class B position other than a police officer,

then for each year of service as a firefighter, police officer, corrections officer, investigator of the department of the prosecuting attorney, investigator of the department of the attorney general, narcotics enforcement investigator, or public safety investigations staff investigator, the retirement
allowance shall be two and one-fourth per cent of the member's average final compensation. The maximum retirement allowance for those members shall not exceed eighty per cent of the member's average final compensation. If the member has not attained age sixty, the member's retirement allowance shall be computed as though the member had attained age sixty, reduced for age as provided in subsection (i).

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

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

(2) For a judge with other credited service, as provided in subsection (f). If the member has not attained age
sixty, the member's retirement allowance shall be
computed as though the member had attained age sixty,
reduced for age as provided in subsection (i); and
(3) For a judge with credited service as an elective
officer or as a legislative officer, as provided in
subsection (h).

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

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

(1) Irrespective of age, for each year of credited service
as an elective officer, three per cent of the member's
average final compensation as computed under section
88-81(f)(1), in addition to an annuity that is the
actuarial equivalent of the member's accumulated
contributions allocable to the period of service;

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

(3) For each year of credited service as a judge, three
per cent of the member's average final compensation as
computed under section 88-81(f)(3), in addition to an
annuity that is the actuarial equivalent of the
member's accumulated contributions allocable to the
period of service. If the member has not attained age
sixty, the member's retirement allowance shall be computed as though the member had attained age sixty, reduced for age as provided in subsection [(i)+] (j);

and

(4) For each year of credited service not included in paragraph (1), (2), or (3), the average final compensation as computed under section 88-81(f)(4) shall be multiplied by one and three-fourth per cent for credited service earned as a class A or class H member, two and one-fourth per cent for credited service earned as a class B member, and one and one-fourth per cent for credited service earned as a class C member. If the member has not attained age sixty, the member's retirement allowance shall be computed as though the member had attained age sixty, reduced for age as provided in subsection [(i)+] (j).

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

(i) If a member, who becomes a member after June 30, 2019, has credited service as a judge, the member's retirement allowance shall be computed on the following basis:

(1) For each year of credited service as a judge, two and one-fourth per cent of the member's average final compensation in addition to an annuity that is actuarial equivalent of the member's accumulated contributions allocable to the period of service. If the member has not attained age sixty, the member's retirement allowance shall be computed as though the
member had attained age sixty, reduced for age as provided in subsection (j); and

(2) For a judge with other credited service, as provided in subsection (f). If the member has not attained age sixty, the member's retirement allowance shall be computed as though the member had attained age sixty, reduced for age as provided in subsection (j); and

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

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

[+i] (j) Except as provided in subsections (f), (g), and
(h), if a member, who becomes a member after June 30, 2012, has
not attained age sixty at the date of retirement, the member's
retirement allowance shall be reduced, for each month the
member's age at the date of retirement is below age sixty, as
follows:

(1) 0.4166 per cent for each month below age sixty and
above age fifty-four and eleven months; plus

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

(3) 0.2500 per cent for each month below age fifty and
above age forty-four and eleven months; plus

(4) 0.1666 per cent for each month below age forty-five;
provided that no reduction shall be made if the member has
attained the age of fifty-five and has at least twenty-five
years of credited service as a firefighter, police officer,
corrections officer, investigator of the department of the
prosecuting attorney, investigator of the department of the
attorney general, narcotics enforcement investigator, public
safety investigations staff investigator, sewer worker, water
safety officer, or emergency medical technician, of which the
last five or more years prior to retirement is credited service
in these capacities."

SECTION 2. This Act does not affect rights and duties that
matured, penalties that were incurred, and proceedings that were
begun before its effective date.

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.

INTRODUCED BY:

JAN 23 2019
Report Title:
ERS; Judges

Description:
Reduces, for members who join the Employees' Retirement System after June 20, 2019, and have credited service as a judge, the retirement allowance for each year of credited service as a judge from 3% to 2 1/4% of the member's average final compensation.

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