



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 7, 2019

**GOV. MSG. NO. 1154**

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

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirtieth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

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

This is to inform you that on June 7, 2019, the following bill was signed into law:

HB981 HD1 SD1 CD1

RELATING TO THE EMPLOYEES' RETIREMENT  
SYSTEM.

**ACT 053 (19)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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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. The purpose of this Act is to establish a clear  
2 statutory basis for the recovery of overpayments of employees'  
3 retirement system benefits. This Act declares overpaid member  
4 benefits to be a debt due and owing to the employees' retirement  
5 system and authorizes the employees' retirement system to adopt  
6 and enforce such rules and regulations as may be necessary to  
7 recover overpaid member benefits. In addition, this Act  
8 provides the board of trustees or the executive director of the  
9 employees' retirement system with the discretion to waive the  
10 recovery of overpayments in cases of bona fide hardship or where  
11 the costs of recovery would exceed the amount expected to be  
12 recovered.

13           SECTION 2. Section 88-6, Hawaii Revised Statutes, is  
14 amended to read as follows:

15           "§88-6 Payment of refunds and retirement benefits. (a)  
16 Notwithstanding any other provision of this chapter:



- 1 (1) All retirees and beneficiaries of the state retirement  
2 system or county pension funds shall be paid  
3 semimonthly; provided that:
- 4 (A) All retirees and beneficiaries of the state  
5 retirement system who either retire or become  
6 beneficiaries after January 1, 2003, shall be  
7 paid monthly; and
- 8 (B) Effective July 1, 2011, all retirees and  
9 beneficiaries of the state retirement system  
10 shall be paid monthly; provided that this  
11 subparagraph shall not apply to any retiree or  
12 beneficiary who:
- 13 (i) Became a retiree or beneficiary prior to  
14 January 1, 2003;
- 15 (ii) Is eighty years of age or older on  
16 January 1, 2011; and
- 17 (iii) Receives \$800 or less of pension benefits  
18 each month; and
- 19 (2) Any retiree or beneficiary of the state retirement  
20 system whose benefit commences after June 30, 2001,  
21 shall designate a financial institution account into



1           which the system shall be authorized to deposit their  
2           retirement benefit; and effective April 1, 2011, all  
3           retirees and beneficiaries of the state retirement  
4           system shall designate a financial institution account  
5           into which the system shall be authorized to deposit  
6           their state retirement system benefits. This method  
7           of payment may be waived by the system.

8           (b) Any member, former employee, retirant, or beneficiary  
9           to whom accumulated contributions or a hypothetical account  
10          balance, as defined in section 88-311, is payable after June 30,  
11          2008, [~~shall,~~] if the payment will be greater than \$250 and the  
12          member, former employee, retirant, or beneficiary does not elect  
13          to rollover the payment into an eligible retirement plan, shall  
14          designate a financial institution account into which the system  
15          shall be authorized to deposit the payment. This method of  
16          payment may be waived by the system if another method is  
17          determined to be more appropriate.

18          (c) All overpayments of refunds and retirement benefits,  
19          including but not limited to the over issuance of death  
20          benefits, beneficiary benefits, payments to alternate payees,  
21          and adjustment payments, shall constitute a debt due and owing



1 to the system by the recipient of such overpayments. In  
2 addition to the remedies elsewhere prescribed in this chapter  
3 for the recovery of benefits, recovery of all overpayments shall  
4 be made in accordance with applicable state law and federal  
5 regulations. The system shall adopt and enforce rules as may be  
6 necessary to effect the maximum recovery of retirement benefit  
7 overpayments. System rules for the recovery of overpayments  
8 shall prescribe procedures for recourse to the civil courts when  
9 required, the filing of liens against the real property of  
10 overpaid recipients, and the filing of claims against the estate  
11 of a deceased recipient who has received overpayments that have  
12 not been recovered. Nothing in this section shall preclude the  
13 board of trustees or the executive director of the system from  
14 adopting procedures for waiving the recovery of overpayments in  
15 cases of bona fide hardship or where the costs of recovery would  
16 exceed the amount expected to be recovered."

17 SECTION 3. Section 88-106, Hawaii Revised Statutes, is  
18 amended to read as follows:

19 "§88-106 Correction of errors. Should any change or error  
20 in records result in any member, retirant, or beneficiary  
21 receiving from the system more or less than the member,



1    retirant, or beneficiary would have been entitled to receive had  
2    the records been correct, the board of trustees shall correct  
3    the error and as far as practicable, shall adjust the payments  
4    in such a manner that the actuarial equivalent of the benefit to  
5    which the member, retirant, or beneficiary was correctly  
6    entitled shall be paid. Should any error in calculation or  
7    records result in any member, retirant, or beneficiary receiving  
8    from the system more than the member, retirant, or beneficiary  
9    would have been entitled to receive had the calculation or  
10   records been correct, the board of trustees shall correct the  
11   error and [~~may forgive~~] shall recover any such overpayment [~~-~~]  
12   unless recovery is waived pursuant to procedures adopted under  
13   section 88-6."

14         SECTION 4. Statutory material to be repealed is bracketed  
15   and stricken. New statutory material is underscored.

16         SECTION 5. This Act shall take effect upon its approval.

APPROVED this 7 day of JUN , 2019



GOVERNOR OF THE STATE OF HAWAII



HB No. 981, HD 1, SD 1, CD 1

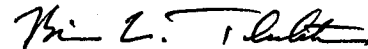
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2019  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2019.



Scott K. Saiki  
Speaker  
House of Representatives

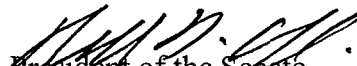


Brian L. Takeshita  
Chief Clerk  
House of Representatives

**THE SENATE OF THE STATE OF HAWAI'I**

Date: April 30, 2019  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirtieth Legislature of the State of Hawai'i, Regular Session of 2019.

  
President of the Senate

  
Clerk of the Senate