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
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

SECTION 1. The purpose of this Act is to establish a clear statutory basis for the recovery of overpayments of employees' retirement system benefits. This Act declares overpaid member benefits to be a debt due and owing to the employees' retirement system and authorizes the employees' retirement system to adopt and enforce such rules and regulations as may be necessary to recover overpaid member benefits. In addition, this Act provides the board of trustees or the executive director of the employees' retirement system with the discretion to waive the recovery of overpayments in cases of bona fide hardship or where the costs of recovery would exceed the amount expected to be recovered.

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

"§88-6 Payment of refunds and retirement benefits. (a) Notwithstanding any other provision of this chapter:
(1) All retirees and beneficiaries of the state retirement system or county pension funds shall be paid semimonthly; provided that:

(A) All retirees and beneficiaries of the state retirement system who either retire or become beneficiaries after January 1, 2003, shall be paid monthly; and

(B) Effective July 1, 2011, all retirees and beneficiaries of the state retirement system shall be paid monthly; provided that this subparagraph shall not apply to any retiree or beneficiary who:

(i) Became a retiree or beneficiary prior to January 1, 2003;

(ii) Is eighty years of age or older on January 1, 2011; and

(iii) Receives $800 or less of pension benefits each month; and

(2) Any retiree or beneficiary of the state retirement system whose benefit commences after June 30, 2001, shall designate a financial institution account into
which the system shall be authorized to deposit their retirement benefit; and effective April 1, 2011, all retirees and beneficiaries of the state retirement system shall designate a financial institution account into which the system shall be authorized to deposit their state retirement system benefits. This method of payment may be waived by the system.

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

(c) All overpayments of refunds and retirement benefits, including but not limited to the over issuance of death benefits, beneficiary benefits, payments to alternate payees, and adjustment payments, shall constitute a debt due and owing
to the system by the recipient of such overpayments. In
addition to the remedies elsewhere prescribed in this chapter
for the recovery of benefits, recovery of all overpayments shall
be made in accordance with applicable state law and federal
regulations. The system shall adopt and enforce rules as may be
necessary to effect the maximum recovery of retirement benefit
overpayments. System rules for the recovery of overpayments
shall prescribe procedures for recourse to the civil courts when
required, the filing of liens against the real property of
overpaid recipients, and the filing of claims against the estate
of a deceased recipient who has received overpayments that have
not been recovered. Nothing in this section shall preclude the
board of trustees or the executive director of the system from
adopting procedures for waiving the recovery of overpayments in
cases of bona fide hardship or where the costs of recovery would
exceed the amount expected to be recovered."

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

"§88-106 Correction of errors. Should any change or error
in records result in any member, retirant, or beneficiary
receiving from the system more or less than the member,
retirant, or beneficiary would have been entitled to receive had
the records been correct, the board of trustees shall correct
the error and as far as practicable, shall adjust the payments
in such a manner that the actuarial equivalent of the benefit to
which the member, retirant, or beneficiary was correctly
entitled shall be paid. Should any error in calculation or
records result in any member, retirant, or beneficiary receiving
from the system more than the member, retirant, or beneficiary
would have been entitled to receive had the calculation or
records been correct, the board of trustees shall correct the
error and [may-forge] shall recover any such overpayment[→]
unless recovery is waived pursuant to procedures adopted under
section 88-6."

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

SECTION 5. This Act shall take effect upon its approval.
HB No. 981, HD 1, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAI'I

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
H.B. No. 981, H.D. 1, S.D. 1, C.D. 1

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.

[Signature]
President of the Senate

[Signature]
Clerk of the Senate