Summer 2017

Photo: Hot lava stream is flowing into the ocean. Hawaii, Big Island.

2017 Legislative Update

The Hawaiʻi State Legislature closed its 2017 session on May 4, 2017. There were several important bills passed during this session related to the ERS. On May 18, 2017, Governor David Ige signed into law Acts 17/2017 and 18/2017.

Act 17/2017 (S.B. 936, S.D. 2, H.D. 1, C.D. 1)
Relating to the Employees' Retirement System

Parts I and II of this Act propose several "housekeeping" measures:

(1) To correct the anomaly of the finalized retirement adjustment period for December 31 retirees to be consistent with the full six-month finalized adjustment period of members retiring on the first of the month and to adjust the interest rate on underpayments if benefits are not finalized within the time in which benefits are required to be finalized.

(2) To address employer concerns regarding the amount of time between when the employers are billed for additional retirement contributions due to their employees retired with significant non-base pay increases and the due date of the payment.

(3) To improve service provided to members and beneficiaries applying for disability retirement and accidental death benefits by reducing the direct involvement of the Board of Trustees of the ERS and allowing the ERS staff to play a greater role in the process. Also allows the Board of Trustees to have medical reviews of disability retirement and accidental death claims performed by a designated entity in addition to the ERS medical board.

Part III of Act 17 increases employer contributions by the State and counties in a phased-in contribution increase over the next four years beginning with fiscal year 2017-2018:

- Employer contribution increase for Police/Fire categories from the current 25% of payroll to 41% of payroll.
- Employer contribution increase for all other employee categories from the current 17% of payroll to 24% of payroll.

Effective: July 1, 2017

Act 18/2017 (S.B. 207, S.D. 2, H.D. 1, C.D. 1)
Relating to Employees

This bill repeals and provides alternative benefits to Act 1, 2016:

- Appropriates funds to the Department of Budget and Finance for collective bargaining cost items related to the transition of affected Maui region hospital employees to Maui Health System, a Kaiser Foundation Hospitals, LLC.
  - Effective: July 1, 2017
- Repeals chapter 89E, HRS, and Act 1, Second Special Session, Laws of Hawaii 2016 (S.B. 2077, H.D. 2). (See "Governor and Legislature Approve Repeal of Act 1" on page 4.)
  - Effective: July 20, 2016

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Inside this Issue:

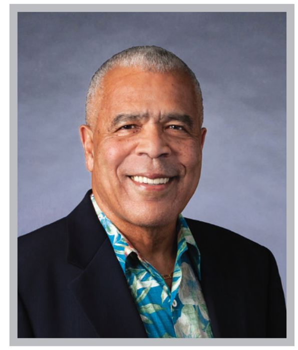
Message From The Executive Director

The conclusion of the 29th session of the Hawaii Legislature allows for a brief moment of reflection around ERS-related initiatives. There were a total of 23 bills introduced which either directly or indirectly impacted the ERS.

Foremost among legislative outcomes was the passage of Act 17 (SB936) that allows for phased-in increases to the employer contribution rates. The rates to be paid for general employers will increase from 17% to 24% over a four-year period commencing July 1, 2017. The employer rates applicable to police officers and firefighters will go from 25% to 41% over the same time frame.

These increases were vital to assuring the long-term sustainability of our plan and were made necessary by a combination of increased life expectancy for our members, lower assumed investment return assumptions and higher than anticipated salary increases. These employer rate increases will allow us to maintain our 30-year target for full funding and the corresponding elimination of our unfunded liabilities.

As the session drew to a close, we were gratified by the Legislature's decision to repeal Act 1 retroactive to July 20, 2016, its effective date. As you will recall, Act 1, passed to provide relief to displaced Maui Hospital workers, was deemed by the ERS to pose a threat to our Federal tax-exempt status. This view was later confirmed by the IRS. The Legislature's repeal of Act 1 removed the threat to our tax status and allowed us to avoid additional and costly litigation.



Our "housekeeping" bill, which allows added time for affected employers to pay pension spiking assessments, provides alternatives intended to speed up ordinary and service-connected disability determinations and allows for updated interest crediting rates on delayed benefit finalizations, was also passed.

To increase information and transparency, we will perform our experience studies every three years rather than five and provide annually to the Legislature a series of stress tests demonstrating the plan's responsiveness to various economic scenarios.

While our budget request for technology maintenance and upgrades was largely met, we were unable to get approved our request for added benefit processing personnel or monies to fund the development and implementation of qualified domestic relations orders mandated last year to become effective July 1, 2018.

Our Legislature has the tough task of allocating limited resources across a broad range of needs and demands. The ERS's legislative results will support our gradual, yet steady, drive for operational and service improvements. While those efforts will continue, we hope next year to focus on enhancements to our investment capability and long-term results.

Thom Williams

Ua ʻIke Anei ʻOukou? (Did you know?)

In 2014, expenditures stemming from ERS State and county pensions supported...

- *8,985 jobs that paid $432.7 million in wages and salaries*
- *$1.4 billion in total economic input*
- *$327.3 million in federal, state and local tax revenues in Hawaii*

Report from Vijoy Chattergy, Chief Investment Officer

Aloha Kãkou,

Back in 1996, when I was living in Brooklyn, I was invited by current UH West Oahu music professor and composer Jon Magnussen to attend the world debut of The Julliard School commissioned ballet *The Winged*. Jon wrote the music for the choreographer, José Limón. Like all Hawaii diasporas of a certain age living in the area, I enthusiastically made sure to attend.

As the lights dimmed and the strings began to soar, I was amazed by the divine and perfect melody. At the conclusion of the wonderful music I turned to another Hawaii friend from "small-kid time" and exclaimed, "Jon is amazing!" Bemused, Kristine looked back at me and simply said, "That was Mozart."

The Winged came up later in the program, and for the record, Jon's music was brilliant, and he is a genius composer, but in a different way than Mozart. I am retelling this story now to fully disclose that I don't know a lot about music. Nevertheless, I was listening to Hawaii Public Radio recently and there was a discussion about Mozart and his talent and method for creating a musical composition. Mozart could assemble all the parts of an orchestra into a harmonious whole with such skill, care, and ease his genius continues to speak through the ages.

Constructing a multi-asset investment portfolio has similarities to composing a musical score. I am not implying that anything we do in investment management rises to the level of artists like Mozart or Magnussen. Mostly, this is because a strong investment return generated by calibrating non-correlating assets through careful rebalancing just does not stir the human spirit the way music does. However, there is another reason why investment management cannot speak to the average person. Essentially, most investment management is done poorly. Practitioners and investors hide behind jargon and complexity to obscure and disassociate the asset owner from the investment experience. On the other extreme, some investment ideas or themes are oversimplified to engender a false sense of confidence in a strategy that is really just built of straw.

After the Great Financial Crisis of 2008, the ERS Trustees recognized this problem and embarked on a multi-year effort to reform the pension plan and restructure the investment portfolio. We have now just passed a great milestone in the restructuring of the investment portfolio along functional risk classes. Investment decisions and allocations are made based on risk exposure and correlations along with return expectations. The risk classes are Growth, Principal Protection, Real Return, Crisis Risk Offset, and Opportunities.

Going back to the musical analogy, think of Growth Risk assets as the string instruments in an orchestra; they soar high and provide the returns that will address future pension liabilities. Principal Protection and Real Return are akin to the woodwinds and percussion by diversifying and carrying the tune. However, when the Growth returns fail and need a breather, the Crisis Risk Offset strategies step in like brass instruments to provide a base to save the melody. All the while, the outside consultants and the ERS staff ensure the notes of policy are played in rhythm and in harmony. The Trustees of course, are conducting as maestros.

Over the past 18 months, the ERS has implemented this new portfolio design. It involved rebalancing of over $10 billion of assets in multiple transactions and public searches. The project was done on time, under budget, and to specifications. It is an example of a government project done with excellence. At the same time, the ERS portfolio is a top performing pension fund as measured against national peers and also against private pensions and endowments. The ERS is performing better than its own policy benchmark. The favorable results are measured over multiple time horizons with the same conclusion. The risk designed portfolio looks to the future and the probability that the superior performance will be sustained. All of this does not lead me to conclude that we have created a masterpiece the way Mozart and Magnussen might. I just hope that for all the members and beneficiaries, we can continue to make beautiful music together.

Governor and Legislature Approve Repeal of Act 1

Senate Bill 207 and the 2017 Legislative Session

On May 18, 2017, Governor Ige signed into law Act 18/2017, previously Senate Bill 2017, C.D. 1, which provides employees of the Hawaii Health System Corporation (HHSC) Maui region, who will be separated from State service as the result of the transfer of the HHSC facilities to a private entity, a lump sum severance benefit upon transfer and repeals Act 1, 2016 retroactive to July 20, 2016.

History of Act 1 and 2016 Legislative Session

Act 1, which began as Senate Bill 2077 (S.B. 2077) during the 2016 session and would have provided affected employees with a severance or a special retirement benefit, was passed by the 2016 legislature on May 9, 2016, and subsequently vetoed by Governor Ige on July 11, 2016. The Governor's veto was based on the ERS tax counsel's assessment that the choice of a severance or special retirement benefit provided by S.B. 2077 would jeopardize the ERS's tax qualification by offering a "cash or deferred arrangement," which is an impermissible election under the Internal Revenue Code for governmental plans.

ERS and Tax Disqualification

Potential consequences, should the ERS lose its qualification, would be that all current ERS members would have to pay federal income tax on their employee contributions rather than being allowed to defer taxes until the contributions are distributed to them at retirement or termination of employment. In addition, all members would be subject to federal income tax on the portion of their retirement benefits that are funded by the employer when the benefits become vested, even if not yet payable. And all members would lose their right to a tax-deferred rollover of their benefits to other retirement vehicles.

Despite the possible threat to the System and its members, upon convening a special session of the Legislature on July 20, 2016, the Legislature voted to override the Governor's veto and S.B. 2077 became Act 1.

ERS vs. State of Hawaii

On August 9, 2016, the ERS Board of Trustees filed a complaint with the First Circuit Court against the State of Hawaii to delay the effect of Act 1 in order that the ERS could seek guidance from the IRS in the form of a Private Letter Ruling. If the IRS were to rule that Act 1 would disqualify the ERS plan, the ERS requested that the Court declare Act 1 to be unconstitutional and to permanently stop Act 1 from going into effect.

On March 13, 2017, the IRS responded to the ERS's request for a ruling on whether the implementation of Act 1 would constitute a tax-qualification failure for the ERS. In their Private Letter Ruling, the IRS stated that the ERS would be disqualified as a tax exempt plan if the ERS were to allow the impermissible "cash or deferred arrangement" provided by Act 1.

With the repeal of Act 1, the ERS will not be required to implement the Act's impermissible choice of benefits, thereby protecting its qualified status and allowing the Board to request dismissal of its pending lawsuit against the State. Moreover, transitioning HHSC Maui employees will be able to proceed with more certainty and clarity upon the transfer of facilities to Maui Health System on July 1, 2017.

"The imminent threat to the ERS's tax qualification status has been avoided by the repeal of Act 1," noted Thom Williams, the ERS Executive Director. "We appreciate the Legislature's initiative as it serves to protect our members' benefits and helps us avoid additional and costly litigation."

Who Pays for ERS Pensions? Who Benefits?

Answer: We all do!

It's a common misperception that taxpayers fund the entire cost of public pensions. While it is true that taxpayers support State and county budgets, and that employer contributions to the Employees' Retirement System (ERS) are derived from both those budgets, the majority of the plan's assets are derived from ERS investment earnings. And, depending upon which plan you are a member of, Contributory, Hybrid or Noncontributory, employees may be required to contribute as well.

Data from a 2014 National Institute on Retirement Security (NIRS) study confirms that for every dollar of public employee pensions paid, 10% on average is derived from employee contributions, 30% from employer contributions, and 60% is derived from the public fund's investment earnings.

Social Security and defined benefit pension income remain the largest and most significant sources of retirement income for a large portion of the U.S. retiree population. Defined benefit pension plans like the ERS are pooled retirement plans that offer a predictable, defined monthly benefit in retirement. That benefit is based on a formula comprised of the employee's years of service and average final compensation and, once the employee meets certain age and service criteria, is guaranteed for the retiree's life.

How Are ERS Pensions Funded?

The ERS plan is designed to be pre-funded, which means that regular contributions for each employee are made into our retirement fund during the course of that employee's career. As opposed to private sector pension plans which are almost always funded solely by employers, the ERS defined benefit plan is funded by a combination of employer contributions and contributions from employees themselves.

All defined benefit public pension plans have the advantage that investment earnings can do much of the work of paying for benefits, because the contributions made on behalf of current employees are invested and earnings on those investments compound tax-free.

Currently, ERS general employees contribute between 6% and 11.75% of their salaries towards their retirement benefits and Police/Fire employees contribute between 12.2% and 14.2% of their salaries to the ERS. Various employment categories have differing benefit multipliers and eligibility requirements for retirement and therefore their contribution rates may differ accordingly. Employee contributions rates are statutorily determined.

How Are Contribution Rates Determined?

The amount needed to be contributed by employers and/or employees can be determined through an actuarial analysis. The plan actuary determines the cost associated with new benefits earned in the current year (normal cost) plus any additional amount that might be required to make up for shortfalls that have developed in the past. It is important that the required actuarially determined contribution be contributed to the pension trust each year. Contribution rates recommended by the actuary are approved by the ERS Board of Trustees and confirmed into law by the legislature.

Who Benefits from ERS Pensions?

We all do! Of course, ERS plan members and retirees are the most direct beneficiaries of plan participation. We currently take in approximately $975 million in employer and employee contributions annually while distributing $1.25 billion in benefits to our members, retirees and their beneficiaries. Our members represent 8.4% of the State's population. Considering our average family size, we easily impact financially and support one-quarter or more of the State's population.

Each dollar paid out in pension benefits supports $1.28 in total economic activity in Hawaii. Each dollar "invested" by Hawaii taxpayers in the ERS results in a minimum of four times that amount in additional expenditures and tax revenue. These increased expenditures are there in good times and bad to stimulate and stabilize our economy. So, who benefits from ERS pensions? We all do!

ERS Assets Reach All-Time High, Investment Returns Exceed Peers'

During the fiscal quarter ending March 30, 2017, the Employees' Retirement System's (ERS) assets reached an all-time high of $15.4 billion. The System's investment returns bettered both its policy benchmark and its median peer fund performance over each of the 1, 3, 5 and 10-year periods ending March 30.

ERS's investment return increased 10.3 percent through the first nine months of the fiscal year and assets increased by $462 million over the recent quarter.

ERS recognizes the volatility and risks posed by the investment markets. In 2014, the ERS Board adopted a risk-based, functional framework for allocating capital within the total portfolio. Now under implementation, this framework makes use of strategic/functional risk classes that in turn utilize underlying asset classes and strategies with varying expected exposure to risks. At the same time, the ERS views lowered risks and enhanced returns over the long haul as representing the most significant opportunity to lower and eventually erase its unfunded liabilities.

Employer contribution increases legislated during the 2017 legislative session are designed to address ERS's $12.44 billion unfunded liability by allowing the ERS to accrue an additional $34.6 million in fiscal year 2018, $70.7 million in fiscal year 2019, $176 million in 2020 and $252 million in 2021 toward paying off its unfunded liability.

Legislatively-approved contribution rate increases will help substantially in that regard; however, on average 60 percent or more of every dollar paid in retirement benefits is derived from investment earnings.

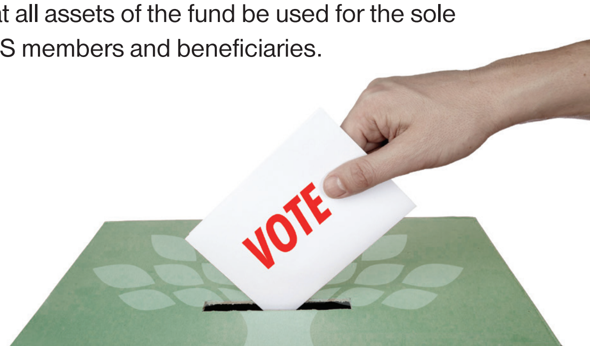
Coming This Fall – ERS Board Trustee Election

The Board of Trustees of the Employees' Retirement System (ERS) is responsible for overseeing the general administration and operation of the ERS. The Board manages executive leadership, establishes strategic direction, sets investment policy and monitors the stability and solvency of the ERS trust fund. The ERS trust fund, by law, must be used for the exclusive benefit of its members and as its fiduciaries, board members are either elected or appointed by the Governor and are not compensated for their service.

There are eight voting members of the board (four elected by the membership, three appointed by the Governor and the Director of Finance as an ex-officio member). Of the four elected members, two are general employees of the System, one must be a teacher and the other must be a retiree. The three appointed members are required to have substantial institutional investment and financial experience and must be confirmed by the State Senate. Each elected and appointed board member serves a six year term.

On January 1, 2018, a general employee elected position will become vacant and an election will be held this year. All active members, inactive vested members and retirees will be eligible to vote for this trustee position. You will be receiving voting information in our Fall *Holomua* and ballots will be mailed during October.

ERS is a "defined benefit" plan which means that it needs to have enough assets to pay benefits to current retirees and surviving beneficiaries as well as future benefits being earned by active employees of the State and counties. One of the main duties of the Board is to monitor and ensure that ERS investment earnings and benefit structure support the overall goals and objectives of the ERS, and that all assets of the fund be used for the sole benefit of ERS members and beneficiaries.



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S.B. 133, S.D. 2, H.D. 2
Relating to Public Employees' Fringe Benefits

This bill reduces the maximum period between experience studies of the ERS from five years to three years. The purpose of experience studies is to periodically review the actuarial assumptions on which the funding of the System is based, including investment returns, membership life expectancy, payroll growth, salary increases and retirement behavior.
Effective: Upon approval

H.B. 1182, H.D. 1, S.D.2
Relating to the Employees' Retirement System

This bill requires the ERS actuary to conduct annual "stress tests" of the System, primarily the impact of specified investment return and valuation scenarios on the ERS funding level, contribution requirements and unfunded liability. Annual reports of these tests will be provided to the Legislature.
Effective: July 1, 2017

These bills and other legislation may be reviewed on the Hawai'i State Legislature website at http://www.capitol.hawaii.gov

For Active Members

2017 Fall Filing Session Schedule

We have scheduled dates and times for upcoming ERS counseling appointments for Oahu members who are retiring from September 1, 2017 through December 31, 2017. Neighbor Island members may contact our island representatives for an appointment.

For members with scheduled appointments, ERS prepares a Retirement Estimate letter (projected pension amounts) based on your retirement date, service, salary history, and beneficiary. Your early scheduling allows staff to prepare your projected pension. During the counseling session, staff will assist you in completing your retirement application, copy and return your proof documents, and explain the option features.

Members with no appointment are counseled and will receive their Retirement Estimate Letter afterwards. Plan ahead and contact our office to schedule an appointment, and don't wait for the last day to file your application. Please also note that retirement date changes to your filed application are allowed within 150 days of your filing date.

The ERS encourages you to bring your spouse and/or significant other, as well as your financial advisor, to the counseling appointment.

The upcoming session dates are listed below: appointment times are 8:00 a.m., 9:15 a.m., 10:30 a.m., 1:00 p.m., and 2:15 p.m. at the Oahu ERS Office:

Filing Session Dates	First and Last Dates to File
July 5, 7, 12, 14, 19, 21, 26, 28	July 5 - First day to file for December 1
August 2, 3, 9, 11, 15, 17, 23, 25, 30	August 2 - Last day to file for September 1 August 3 - First day to file for December 31
September 1, 6, 8, 13, 15, 20, 22, 27, 29	September 1 - Last day to file for October 1
October 2, 9, 10, 11, 12, 13, 18, 20, 25, 27	October 2 - Last day to file for November 1
November 1, 3, 7, 9, 15, 17, 20, 22, 29	November 1 - Last day to file for December 1
December 1	December 1 - Last day to file for December 31

Contact our office at (808) 586-1735 or you may also visit our website for more information on the appointment schedule at http://ers.ehawaii.gov under Members> Retirement Planning.

ERS Brown Bag

Thank you for your positive response to our extended Brown Bag sessions. Our workshop now incorporates both retirement facts as well as options that benefit all public employees, whether you are just starting out or ready to retire.

In response to feedback during our recent Hybrid sessions, the ERS will be conducting sessions specific to your benefit structure or eligibility requirements. For members enrolled prior to July 1, 2012 (Tier 1) and those who were enrolled after June 30, 2012 (Tier 2), the sessions will be modified based on your benefit structure.

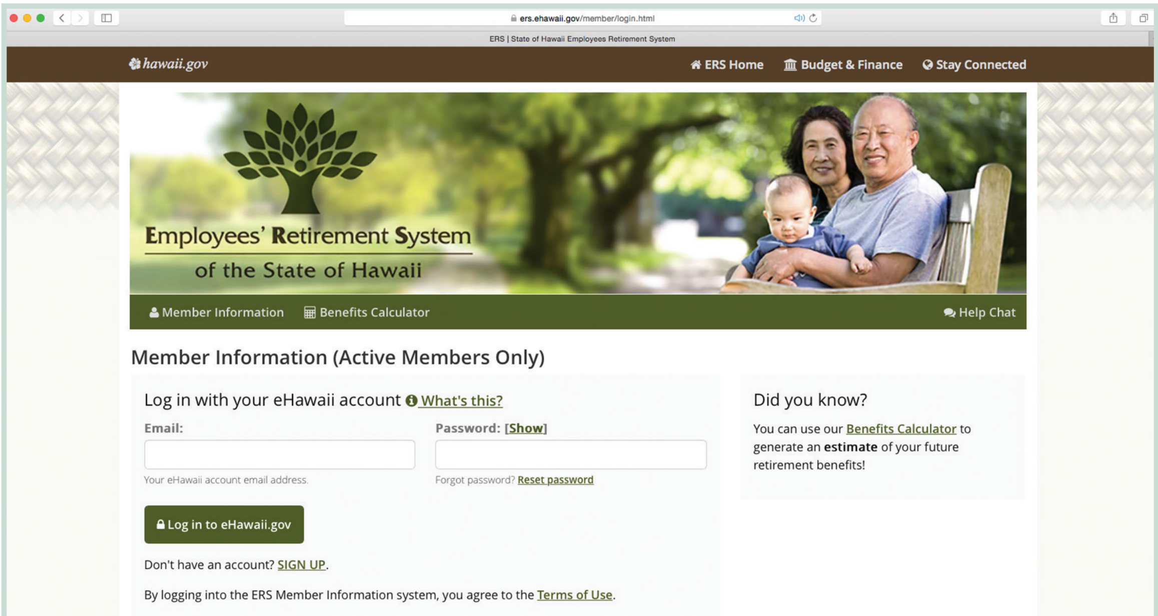
Below is our schedule for the second half of 2017:

Date	Retirement Plan	Time	Location
August 16	Hybrid (Tier 1)	11:30 pm to 12:30 pm	City Financial Tower-ERS 201 Merchant Street, Suite 1400
August 29	Noncontributory		
September 12	Hybrid (Tier 1)		
September 26	Noncontributory		
October 17	Hybrid (Tier 2)		
October 31	Contributory		

To register, please call our office at 586-1735 at least one week prior to the session. There is also limited validated parking in our building. Feel free to bring your lunch, too!

Online Information Update

The ERS has updated the website with member information as of May 2017. The updated online information is for active members in the Contributory, Noncontributory and Hybrid plans. Retirement information and account balances may vary between members due to payroll lag and adjustments. Help us ensure that we have the most accurate information possible by logging on to the website at http://ers.ehawaii.gov and click on "Member Information (*Active Members Only*)". To report any discrepancies with your account information, log in with your eHawaii account and click on the link to the Correction Form and mail to the ERS with a copy of your "My Retirement Account" screen print. Once we have completed our research, corrections will be applied and you will be notified of any changes.



For Retirees

Annual Post-Retirement Increase Due In July 2017

Qualified retirees and beneficiaries with retirement dates in 2016 and earlier will receive their annual post-retirement increase in July 2017. You may recall that the 2.5 percent increase is not compounded and is calculated on your base pension amount. Semi-monthly payees will receive their increase on July 14, 2017, and monthly payees will receive their increase on July 31, 2017. Please keep the ERS payment statement you receive as statements are only generated when there is a change in the pension amount. The payment statement will show the gross payment amount, deductions withheld and the net payment amount. Confirm the net payment amount with the ERS deposit amount on your bank statement when you receive it. Should you have any questions, please contact us at (808) 586-1735.

News from the Hawaii Employer-Union Health Benefits Trust Fund (EUTF)

EUTF Board of Trustees Approves Paying Fees Out of EUTF Reserves For Employees

Good news for employees! The EUTF Board of Trustees (Board) approved paying two fees for employees from July 1, 2017 through June 30, 2018 that normally would be added to premiums: the EUTF Administrative Fee and the Federal Affordable Care Act (ACA) Patient Centered Outcomes Research Institute (PCORI) fee. The EUTF Administrative Fee, which funds the operations of the EUTF including the salaries and wages of the EUTF staff, is approximately $40.00 annually for self-only coverage, $80.00 annually for two-party coverage, and $120.00 annually for family, coverage and the PCORI fee, which has been mandated by ACA since 2012 and ends in 2018, is approximately $2.20 per covered person annually. Since employees pay approximately 40% of their premiums, employees (and employers) will be saving money each year by having the fees paid using EUTF's reserves rather than having the fees added to their premiums.

IMPORTANT NOTICES FOR EMPLOYEES

New Premium Rates

The new employee share of the premium rates for the plan year July 1, 2017 to June 30, 2018 will first be deducted from July 15, 2017 paychecks for all county employees and July 20, 2017 paychecks for State of Hawai'i employees. The new employee share of premiums can be found on the EUTF website at eutf.hawaii.gov.

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IMPORTANT NOTICES FOR EMPLOYEES

Medical Plan Benefit Changes Effective July 1, 2017

The EUTF Board recently approved the following changes effective July 1, 2017 to the EUTF and HSTA VB HMSA and Kaiser medical plans in accordance with federal law:

1. Added coverage for gender identity services.
2. Removal of the age (under age 26) limit from the orthodontic services benefit for treatment of orofacial anomalies due to birth defects.
3. Removal of the benefit maximum ($25,000 per calendar year) and the age limit (under age 14) for the treatment of autism spectrum disorder.

The following changes were also approved by the Board effective July 1, 2017 for the following EUTF HMSA medical plans:

1. Added coverage of supportive care benefits for seriously ill patients with congestive heart failure, chronic obstructive pulmonary diseases and liver failure.
2. Added coverage for counseling provided by a licensed dietitian.
3. Removal of the limit (two per lifetime) on voluntary pregnancy terminations. This limit through June 30, 2017 only applies to the HMSA HMO plan.

If you have questions about these plan benefit changes, please contact HMSA (948-6499 on Oahu or toll free at 1-800-776-4672) or Kaiser (432-5955 on Oahu or toll free at 1-800-966-5955).

IMPORTANT NOTICES FOR EMPLOYEES AND RETIREES

Certification of Dependents Who are Full-Time Students

Dependents of employees are covered up to age 26 under EUTF employee medical and prescription drug plans in accordance with provisions of ACA, regardless of whether the dependent is married, a full-time student or living with the employee. However, ACA does not apply to employee dental and vision plans, or to retiree medical, prescription drug, dental and vision plans as they are considered "non-ACA covered plans." For these non-ACA covered plans, dependents are only eligible for coverage up to age 19, unless they are full-time students. If these dependents are full-time students, they are eligible for coverage under the non-ACA covered plans from ages 19 through 23. A full-time student is a student who is enrolled for at least the minimum number of credit hours required by such educational institution to have full-time status.

The EUTF will mail a reminder notification to submit the required student certification to the employee or retiree's address on file 60 days prior to your dependent's birthday from age 19 through 23 (NOTE: Please update any changes to your address by completing and submitting enrollment forms to your personnel office for employees or directly to the EUTF for retirees – an EC-1 for employees, EC-1H for HSTA VB employees, EC-2 for retirees or EC-2H for HSTA VB retirees. You can find these forms at eutf.hawaii.gov). You must submit the student certification within 60 days of your dependent's birthday. The student certification must be signed by your dependent child's school registrar with your dependent child's name, semester enrolled, number of enrolled units, a statement that your dependent is a full-time student, and the school's phone number. Example student certifications can be found at eutf.hawaii.gov.

Should your dependent lose eligibility because they are no longer a full-time student, you must submit a completed enrollment form (e.g., EC-1/EC-1H for active employees and EC-2/EC-2H for retirees) to your personnel officer (for employees) or directly to the EUTF (for retirees) to remove your dependent. Your dependent will be offered COBRA coverage. If they become a full-time student in the future and are under age 24, you must submit a completed enrollment form to your personnel officer (for employees) or directly to the EUTF (for retirees), within 30 days from the start of school to add your dependent and a student certification must be submitted directly to the EUTF within 60 days from the start of school.

Important: *The EUTF is a separate organization from the ERS. If you have any questions about information in these articles, please contact the EUTF directly. Contact information: 586-7390, 1-800-295-0089 toll free; Email: eutf@hawaii.gov*

Electronic Payment Options

If you are currently paying your healthcare premiums via check to the EUTF (e.g., employees who are on leave without pay and retirees who are responsible for all or a portion of their premiums), you now have three other payment options:

1. Monthly recurring electronic transfers from your bank account initiated and adjusted by the EUTF. No fees are charged. You must complete and submit to the EUTF a EUTF ACH Deduction Authorization Agreement Form, which can be found at eutf.hawaii.gov, prior to starting this payment method.
2. Credit card for a fee of $2.50 plus 2.25% of the premium amount.
3. Electronic transfers from your bank account that you initiate for a fee of $3.50 per transaction.

Please visit the EUTF website at eutf.hawaii.gov and click on the link for Payment Options. If you have questions about the electronic payment options, please call 586-7390 or toll free at 1-800-295-0089 extension 3.

Later this year, the EUTF and ERS plan to add another option for retirees – health benefit deductions from retiree ERS pension payments.

UnitedHealthcare Medicare Advantage Medical Plan

The UnitedHealthcare Medicare Advantage Medical Plan (UHC Plan) will be discontinued December 31, 2017. Current enrollees will receive information in the future about their options for coverage. Employees who are Medicare eligible and are retiring this calendar year should be aware that the UHC Plan will be discontinued at the end of 2017.

How Healthy Are You?

HMSA members can find out their RealAge by downloading the Sharecare application. You know your age, but do you know your body's age? The Sharecare app can tell you how old you really are and how to improve it. Register at hmsa.com/sharecare on your smartphone or tablet. If you're an HMSA member, please use your HMSA subscriber ID. If you're asked for an activation code, enter greendays. A web version is available at hmsa.com/sharecare if you don't have access to a smartphone or tablet.

Kaiser Permanente members can get up to $100 by taking healthy steps to thrive! Take the Kaiser Permanente Total Health Assessment, which is an online questionnaire. Based on your results, you'll receive a customized action plan. Then, choose from eight online healthy lifestyle programs in which to participate. Get started at kp.org/eutf. You are responsible for any taxes that may be due on the amounts received. HSTA VB members are not eligible for rewards.

Ornish Lifestyle Medicine™ for HMSA Members

HMSA members in EUTF plans (excludes HSTA VB plans) with heart disease or multiple cardiac risk factors may be eligible for Ornish Lifestyle Medicine™. This program can help reduce the amount of daily medication needed to manage heart disease and the risk of repeat procedures by focusing on lifestyle choices such as what we eat, how we respond to stress, how much we exercise, and the quality of our relationships. The program consists of eighteen, four-hour sessions over nine weeks, and requires a $20.00 per session co-pay. The program is available at three program delivery sites: 'Ekahi Health at 500 Ala Moana Blvd., Honolulu 808-777-4001; Hawaii Pacific Health - Straub Medical Center at 1100 Ward Ave., Honolulu 808-522-4114; and Island Heart Care at 75-1027 Henry St, Suite 110 Kailua Kona, 808-769-5225. To find out if you are eligible for this program, talk to your doctor or contact an Ornish care specialist at 1-877-888-3091 toll-free.

Are You At Risk for Diabetes?

Take a simple seven question, one minute online test to find out at http://www.healthyhawaii.com/prevent-diabetes-2

Diabetes Management for Kaiser Members

Kaiser realizes that diabetes can be complicated and overwhelming at times. Kaiser is here to help its members achieve their individual diabetes and overall health goals. Kaiser has Certified Diabetes Educators (CDE), who are nurses, pharmacists, and dieticians that specialize in diabetes management. The CDE works along with the health care team to provide education and support for Kaiser members affected by diabetes. Kaiser members can contact their home clinic or primary care physician to access diabetes classes and to begin working with a CDE on their personal diabetes needs. To learn more, go to kp.org/diabetes or call Kaiser (432-5955 on Oahu or toll free at 1-800-966-5955)

Employees' Retirement System
of the State of Hawaii

201 Merchant Street, Suite 1400
Honolulu, HI 96813-2980

How to Contact ERS-Pension

Monday-Friday 7:45 a.m. - 4:30 p.m.
(Except State holidays)
For pension related questions, please contact ERS at:

O'ahu Office, (808) 586-1735
Kaua'i Office, (808) 274-3010
Hawai'i Office, (808) 974-4077
Maui Office, (808) 984-8181
Moloka'i and Lana'i, (Toll free to Maui): 1-800-468-4644, ext. 48181
Continental U.S. toll free to O'ahu: 1-888-659-0708
http://ers.ehawaii.gov

How to Contact EUTF-Medical Coverage

Monday-Friday 7:45 a.m. - 4:30 p.m.
(Except State holidays)
For medical coverage and Medicare reimbursements, please contact EUTF at:

(808) 586-7390
toll-free at 1-800-295-0089 or
email at eutf@hawaii.gov

Ask ERS

Answers to some frequently asked questions:

Q: Does ERS investment performance dictate whether employer contributions or State and county taxes have to increase?

A: ERS investment performance has only an indirect impact on State finances. ERS's investment program is the best method to grow pension fund assets over time, but plan benefits design, employment growth, and membership longevity assumptions are also critically important for plan sustainability. Another of the key actuarial assumptions for sustainability is the System's expected investment rate of return. Taxes are not directly contributed to the ERS, but many see a connection because the State and counties have a statutory obligation to fund ERS pension benefits for their employees.

Q: I would like to have my healthcare premiums deducted from my retirement pension and sent directly to the EUTF. How would I submit a request to ERS to have this done?

A: Currently, the only methods available for EUTF premium deductions would have to be done through the EUTF because ACH or credit card deductions and electronic transfers must be initiated through them. Please contact the EUTF at 586-7390 or toll free at 1-800-295-0089 for forms and instructions.