

NEIL ABERCROMBIE
GOVERNOR



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

July 2, 2012

TO: Department Heads

ATTENTION: Fiscal and Personnel Officers

FROM: Wesley K. Machida, Administrator 

SUBJECT: Approval of Act 152 and Act 153

This is to inform you that on June 25, 2012, the Governor signed into law the following legislation related to the Employees' Retirement System (ERS):

- Act 152, SLH 2012, effective June 30, 2012 (S.B. 1269)
- Act 153, SLH 2012, effective July 1, 2012 (H.B. 2487)

Act 152 Summary

Amends the definition of "compensation" under HRS § 88-21.5 for new ERS members after June 30, 2012 for the purposes of ERS benefit calculations.

- "Compensation" will essentially be defined as normal periodic payments including shortage differentials and DOE twelve-month differentials
- "Compensation" will not include overtime, supplemental payments, bonuses, lump sum salary supplements and other types of differentials

As we noted prior the passage of this legislation, Act 152 will require significant changes to your payroll and personnel operations. Employers will have to report two different compensation amounts to the ERS (for current members prior to 07/01/2012 and for new members after June 30, 2012) and will have to withhold employee and employer contributions accordingly. As these new members will be identified by the Act 163 class codes, personnel will be responsible for the timely enrollment of their new employees. In addition, new members should be made aware of the restructured ERS requirements and benefits for retirement. (Please refer to the enrollment materials presented at our June 1, 2012 meeting or review the "Employers" tab on our ERS website.)



Employees' Retirement System
of the State of Hawaii

Act 153 Summary

- Corrects sections related to the new benefit structure effective July 1, 2012 contained in Act 163 (SLH 2011)
- For retirees after June 30, 2012, requires the retiree's last employer to pay the pension costs attributable to excessive "non-base pay" during the retiree's last years of employment
- Employers will be assessed, on a fiscal year basis, for all retirees meeting the criteria during the previous fiscal year

Should you have any questions regarding the above, please contact Donna Curry, Program Specialist, at 586-1678, or by e-mail at curryd@hiers.org.

Thank you in advance for your assistance.