Employees' Retirement System
of the State of Hawaii

Military Service Credit

October 2026

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This information is available in an alternate format. Please call 808-586-1735 for information

Table of Contents

Military Service Credit Provisions 2
Contributory Members 3
Noncontributory Members 4
Hybrid Members 5
Filing a Claim 6
Questions and Answers 7
Contacting the ERS 10

Military Service Credit Provisions

Based upon the provisions of section §88-132.5, Hawaii Revised Statutes (HRS), any member who rendered honorable active military service in the armed forces of the United States can acquire up to 4 years of membership service for the military service effective July 1, 1989 as follows:

- A member with 8 years of credited service with the Employees' Retirement System (ERS) can acquire up to 2 years of military service if hired before June 18. 1996. (ACT 385/1989, ACT 141/1990 and ACT 136/97)
- A member with 10 years of credited service with the ERS can acquire up to 2 years of military service if hired after June 17, 1996. (ACT 241/1996)
- A member with 20 years of credited service with the ERS can acquire up to 3 years of military service.
- A member with 25 years of credited service with the ERS can acquire up to 4 years of military service.

Military service in the reserve or National Guard is not considered active military service unless the service occurred in time of war or declared national or State emergency. Reservists and members in the National Guard are able to acquire military service for training during the times of war or declared national emergencies. Wartime service and the periods involved, as recognized by the Veteran's Administration and consequently by the ERS are as follows:

World War II	December 7, 1941 to December 31, 1946
Korean Conflict	June 27, 1950 to January 31, 1955
Vietnam War	August 5, 1964 to May 7, 1975
Persian Gulf War	August 2, 1990 through date to be prescribed by Presidential proclamation or law.
War in Afghanistan	October 7, 2001 to December 28, 2014 (Operation Enduring Freedom)
War in Iraq	March 20, 2003 to August 31, 2010 (Operation Iraqi Freedom)
	September 1, 2010 to December 15, 2011 (Operation New Dawn)
Future dates	*The period beginning on the date of any future declaration of war by the Congress and ending on a date prescribed by Presidential proclamation or concurrent resolution of the Congress.*

A member's active military service is considered service in the member's occupation and percentage of full-time equivalence (FTE) at the time the service is credited and provides a corresponding retirement benefit (please see special rules that apply to Hybrid plan members).

Any retiree who returns to service, is reenrolled as a member of the ERS, and has at least 3 years of credited service during the reemployment period, can acquire military service credit as specified above. The retiree's total credited service determines the amount of military service that can be acquired.

For your first four years of active duty military service that is within your current employment period, please contact your personnel office to initiate the Servicemen’s Act process.

Contributory Members

Acquisition of Service

Acquisition of membership service credit for military service by the Contributory member is based upon the provisions of Section §88-59, HRS, which allows a member to acquire service via lump sum payment.

If a member is eligible to acquire military service, the lump sum payment amount is based on an actuarial determination, which would take into consideration your age, investment yield rate, retirement age, and other actuarial assumptions.

The ERS is able to accept monies from deferred compensation or tax-sheltered annuity plans to purchase allowable service credits. Please be advised that each tax-sheltered institution needs sufficient time to transfer funds to the ERS. All purchases must be completed **prior** to the member's retirement date.

Impact on Retirement Benefits

The formula used to determine retirement benefits involves a percentage of the member's credited service multiplied by the member's average final compensation or average salary. Consequently, acquiring military service will increase the member's pension with the additional service credit. However, members with AFC limitations such as Police Officers, Firefighters, Judges and Elective Officials, the acquisition of military service may not increase your pension. Further explanation is detailed in our Questions and Answers section.

Members of the Contributory plan can increase their Maximum Allowance by up to 8% or 7% (2% x 4 years military service or 1.75% x 4 years of military service). However, Contributory plan members who are covered by a higher benefit formula at retirement (i.e., 2.5% or 2.25% for Police Officers, Firefighters, Investigators, Adult Corrections Officers, Water Safety Officers; 3.5% or 3% for Judges and Elective Officials) and who have not attained the ceiling imposed on their benefit by law, can increase their Maximum Allowance by a maximum of 10% or 9% (2.5% x 4 years military service or 2.25% x 4 years military service) and 14% or 12% (3.5% x 4 years military service or 3% x 4 years of military service), respectively.

The actual increase is determined by the member's total years of service including any military service, average salary, and the option selected at retirement. See example below.

Member: 55 years of age
30 years of service
4 years military service
Average monthly salary $4,000

General employee with a membership date *prior* to July 1, 2012

Formula: 2% x Credited Service x Average Monthly Salary = Maximum Allowance

Maximum Allowance (without military service)

2% x 30 years = 60% x $4,000 = $2,400 per month

Maximum Allowance (with military service)

2% x 34 years = 68% x $4,000 = $2,720 per month

Noncontributory Members

Acquisition of Service

Noncontributory members acquire military service based on the provisions of Section §88-272, HRS. Effective June 1, 1990, Act 141/90 amended this section to allow service rendered prior to System membership to be credited at no cost because of the lower benefit level of the Noncontributory plan.

Impact on Retirement Benefits

The formula used to determine retirement benefits involves a percentage of the member's credited service multiplied by the member's average final compensation or average salary. Consequently, acquiring military service will generally increase a member's benefit at retirement.

Noncontributory plan members can increase their Maximum Allowance by a maximum of 5% (1.25% x 4 years).

The actual increase is determined by the member's total years of service including any military service, average salary, and the option selected at retirement. See example below.

Member: 55 years of age
30 years of service
4 years military service
Average monthly salary $4,000

Formula: 1.25% x Credited Service x Average Monthly Salary = Maximum Allowance

Maximum Allowance (without military service)

1.25% x 30 years = 37.5% x $4,000 = $1,500 per month

Maximum Allowance (with military service)

1.25% x 34 years = 42.5% x $4,000 = $1,700 per month

Hybrid Members

Acquisition of Service

Acquisition of membership service credit for military service by a Hybrid member is based upon the provisions of Section §88-324, HRS, which allows for the acquisition of service based on when the member is eligible to acquire the military service.

If the member was eligible to acquire the military service when enrolled in the Noncontributory plan, then the military service will be credited as Noncontributory service at no cost.

If a member is eligible to acquire military service, the lump sum payment amount is based on an actuarial determination, which would take into consideration your age, investment yield rate, retirement age, and other actuarial assumptions.

The ERS is able to accept monies from deferred compensation or tax-sheltered annuity plans to purchase allowable service credits. Please be advised that each tax-sheltered institution needs sufficient time to transfer funds to the ERS. All purchases must be completed **prior** to the member's retirement date.

Impact on Retirement Benefits

The formula used to determine retirement benefits involves a percentage of the member's credited service multiplied by the member's average final compensation or average salary. Consequently, acquiring military service will generally increase a member's benefit at retirement

Members of the Hybrid plan can increase their Maximum Allowance by up to 8% or 7% (2% x 4 years military service or 1.75% x 4 years of military service).

The actual increase is determined by the member's total years of service including any military service, average salary, and the option selected at retirement. See example below.

Member: 55 years of age
30 years of service (17 years of Noncontributory service and 13 years of Hybrid service)
4 years military service
Average monthly salary $4,000

Membership date *prior* to July 1, 2012

Formula:

Noncontributory Service:	1.25%	x	Credited Service	x	Average Monthly Salary	=	Maximum Allowance
Hybrid Service:	2%	x	Credited Service	x	Average Monthly Salary	=	+ Maximum Allowance
							Actual Maximum Allowance

Maximum Allowance (without military service)

Noncontributory service:	1.25%	x	17 years	=	21.25%	x	$4,000	=	$850
Hybrid service:	2%	x	13 years	=	26%	x	$4,000	=	+ $1,040
									$1,890 per month

Maximum Allowance (with 4 years of military service)

Noncontributory service:	1.25%	x	19 years (17 years + 2 years military)	=	23.75%	x	$4,000	=	$950
Hybrid service:	2%	x	15 years (13 years + 2 years military)	=	30%	x	$4,000	=	+ $1,200
									$2,150 per month

As the member in the example above was eligible to acquire the first two years of military service under the Noncontributory plan it will be credited to the member at no cost. The remaining two years will need to be purchased as the member was eligible to acquire them under the Hybrid plan.

Filing a Claim

A Request to Acquire Previous Military Service Credit, Form 1551, must be completed and submitted to the ERS with a copy of the Armed Forces of the United States Report of Transfer or Discharge, Form DD-214 (member copy 4) and/or Certified Orders. Form 1551 is available at all ERS offices or on the ERS website.

Upon certification of the military service, the member will be provided the procedure to acquire this service.

Questions and Answers

1. *A member has 9 years and 6 months of credited service, 6 months of unused sick leave and wants to acquire 2 years of military service prior to Retirement System membership. Is this member eligible to acquire military service?*

   No. If the member was hired after June 17, 1996, the member must have at least 10 years of credited service excluding unused sick leave to acquire military service.

   Yes. If the member was hired prior to June 18, 1996 and credited with at least 8 years of service excluding unused sick leave credit.

2. *A Firefighter or Police Officer after acquiring the 2 years of military service is now credited with 25 years of service, is age 50, and wants to retire. Is this member eligible to retire, and how would the retirement benefit be calculated?*

   Yes, if the member has a membership date prior to July 1, 2012. Although not 55 years of age, this member is credited with 25 years of service and is eligible to retire. Section §88-74(1), HRS, allows a member under 55 years of age to retire without an age reduction penalty if the member has 25 years of credited service as a Firefighter or Police Officer of which the last 5 or more years prior to retirement is in that capacity. In this case, this member has 25 years of Firefighter or Police Officer service to qualify for an unreduced benefit since military service for the Contributory member is considered service in the member's occupation at the time it is credited, and it provides a corresponding retirement benefit. Therefore, the retirement benefit would be based on 25 years at 2.5%.

   No, if the member has a membership date after June 30, 2012. Eligibility requirements for Firefighters and Police Officers with membership dates after June 30, 2012, require members to be age 55 in order to be eligible for retirement benefits with 25 years of service.

3. *A Police Officer with a membership date prior to July 1, 2012, and with 32 years of credited service has now reached the 80% ceiling (2.5% X 32 years = 80%) and has 4 years of military service that can be acquired. Should this member acquire any part of this military service?*

   No. The acquisition of military service generally increases a member's credited service, the percentage of average final compensation, and ultimately, the retirement benefit. However, Section §88-74(1), HRS, imposes an 80% ceiling (excluding unused sick leave credits) on the retirement benefit of those members eligible for the 2.5 % formula. Therefore, since this member has already attained the 80% ceiling, there would be no advantage or increase in retirement benefit as a result of military service acquisition.

4. *How does the acquisition of military service affect the 80% ceiling?*

   The ceiling is attained sooner if military service is acquired as the member's total credited service is applied toward the 80%. Example: Firefighter with a membership date prior to July 1, 2012, and with 30 years of credited service and 2 years of military service to acquire:

   Military Service Acquired

30 years of credited service	=	75%	(2.5% x 30 years)
2 years of military service	=	5%	(2.5% x 2 years)
		80%	

   Military Service NOT Acquired

30 years of credited service	=	75%	(2.5% x 30 years)
Employment for 2 years more	=	5%	(2.5% x 2 years)
		80%	

If military service is not acquired, the member would have to work 2 more years to attain the 80% ceiling.

5. *How will the military service be credited if a Contributory plan member has general (2%), Police Officer/Firefighter (2.5%) and Elective Official (3.5%) service?*

   The military service would be considered service in the member's occupation at the time of purchase. For example, if the member purchased service as an Elective Official, the military service would be credited at 3.5%. However, if the military service was purchased as a general employee, the service would be credited at 2%.

6. *Can a retiree acquire military service?*

   No. Only a member can acquire military service. Section §88-21, HRS, defines a retiree as a "member who has retired and becomes a beneficiary of the System," therefore; membership status with the ERS is forfeited at retirement.

7. *If a retiree returns to service and becomes a member of the ERS again, is acquisition of military service allowed?*

   Any retiree who returns to service, is reenrolled as a member of the ERS, and has at least 3 years of credited service during the reemployment period, would be eligible to acquire military service credit. The retiree's total credited service will determine the amount of military service that can be acquired.

8. *Is acquisition of military service a "one shot deal?"*

   No. Depending on the date of hire, a member with 8 or 10 years of credited service and 3 years of military service would currently be eligible to acquire 2 years of military service. When the same member is credited with 20 years of service including the 2 years of military service previously credited, the remaining year of military service may be acquired.

9. *Will the acquisition of military service increase a member's AFC (average final compensation) at retirement?*

   No. Section §88-81, HRS, specifies that average final compensation is as follows:

   <u>Membership dates after June 30, 2012:</u>
   AFC is the average of your five highest years of base pay earnings excluding any lump sum vacation pay.

   <u>Membership dates prior to July 1, 2012:</u>
   AFC is the average of your three highest years of earnings excluding any lump sum vacation pay.

   <u>Membership dates prior to January 1, 1971:</u>
   AFC is the average of your three highest years of earnings excluding any lump sum vacation pay, or your five highest years of earnings including lump sum vacation pay, whichever is greater.

   Consequently, the acquisition of military service would increase the membership service the member is credited with but not the member's AFC.

10. *Can a member acquire military service for the initial basic training period or the 2-week annual training period (summer camp) with the Reserves or National Guard?*

    No. Reserve and National Guard service is not considered active military service unless it occurred during time of war or declared national or State emergency. However, if a member served 4 years of active duty in the armed forces and then transferred to the Reserves or National Guard, the member may acquire the 4 years of active duty service if all other criteria have been met.

11. *Section §88-74(3) (B), HRS, specifies that retirement allowances for judges and elective officials cannot exceed 75% of their average salary. As their retirement allowance for each year of credited service as a judge or elected official is comprised of 3.5% or 3% of their average salary plus an annuity provided by their contributions, should these members who have already attained the 75% ceiling acquire military service?*

    Although there would be no increase in their retirement benefit, there may be certain tax advantages. Please contact the ERS for further information.

12. *If the same judge or elective official had not attained the 75% maximum, what effect would the acquisition of military service have on the retirement benefit?*

    It would increase the years of credited service and provide a 3.5% or 3% benefit for each year of acquired military service. This would be included in the determination of the 75% maximum; therefore, the 75% would be attained sooner.

Contacting the ERS

The Employees' Retirement System (ERS) office is located on the corner of Merchant and Alakea Streets on the 14th floor of the City Financial Tower in downtown Honolulu. Validated parking is available in the building. Enter the City Financial Tower parking entrance on Richards Street.

Office hours are from 8:00 a.m. to 4:00 p.m. Monday through Friday (except holidays).

OFFICES:

Oahu	Employees' Retirement System City Financial Tower 201 Merchant Street, Suite 1400 Honolulu, HI 96813 Call Center: (808) 586-1735 Fax: (808) 587-5766
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Kauai	Kauai District Office 3060 Eiwa Street, Room 302 Lihue, HI 96766 (808) 274-3010 or (808) 274-3011 Toll-free to Oahu (808) 274-3141, Ext. 61735 Fax: (808) 241-3193
Maui	Maui District Office 54 S. High Street, Room 218 Wailuku, HI 96793 (808) 984-8181 or (808) 984-8282 Toll-free to Oahu (808) 984-2400, Ext. 61735 Fax: (808) 984-8183
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