

Resolution

No. 24-134

APPROVING FOR INCLUSION IN THE 2025
HAWAI'I STATE ASSOCIATION OF COUNTIES
LEGISLATIVE PACKAGE A STATE BILL
RELATING TO A DEFERRED RETIREMENT
OPTION PROGRAM FOR POLICE

WHEREAS, the recruitment and retention of police officers are ongoing concerns for police departments across the nation and particularly for Hawai'i's counties; and

WHEREAS, for instance, the Maui Police Department has a vacancy rate of approximately 25 percent; and

WHEREAS, several police departments across the nation have achieved staffing gains through the use of incentives such as a deferred retirement option program, or "DROP"; and

WHEREAS, implementing a DROP system would allow the retention of police officers who qualify for retirement to remain active duty officers; and

WHEREAS, a DROP system would also help county police departments by enabling experienced officers to continue serving and mentoring newer officers; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That the proposed State bill, attached as Exhibit "A," relating to deferred retirement for police, is approved for inclusion in the 2025 Hawai'i State Association of Counties Legislative Package; and
2. That certified copies of this Resolution be transmitted to the Hawai'i State Association of Counties Executive Committee.

INTRODUCED BY:

Tamara A.M. Paltin

TAMARA PALTIN

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A BILL FOR AN ACT

RELATING TO DEFERRED RETIREMENT FOR POLICE.

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

1 SECTION 1. The legislature finds that the recruitment and
2 retention of police officers has been difficult for counties and
3 their respective police departments. The implementation of a
4 deferred retirement option program (DROP) would incentivize
5 qualified police officers to continue working beyond the
6 requisite twenty-five years of service and to carry on
7 protecting and serving the community. DROP has been increasingly
8 utilized in many other states and municipalities as an incentive
9 for quality workers to delay retirement.

10 The purpose of this Act is to establish a deferred
11 retirement option program for police and to provide a retention
12 tool for county police departments to incentivize qualified
13 officers who are eligible for retirement to continue working.

14 SECTION 2. Section 88-9, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By amending subsection (a) to read:

17 “(a) [A] Except for police officers enrolled in the
18 deferred retirement option program, a retirant may not be

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1 employed by the State or by any county unless the retirant is
2 reenrolled in the system pursuant to this chapter, or unless the
3 employment, without reenrollment, is authorized by this
4 section. A retirant whose employment without reenrollment in
5 the system is authorized by this section shall acquire no
6 service credit or retirement rights under this chapter with
7 respect to the employment and shall not be considered to be in
8 service for purposes of this chapter."

9 2. By amending subsection (d) to read:

10 "(d) A retirant may be employed without reenrollment in the
11 system and suffer no loss or interruption of benefits provided
12 by the system or under chapter 87A if the retirant is employed:

13 (1) As an elective officer pursuant to section 88-
14 42.6(c) or as a member of the legislature pursuant to section
15 88-73(d);

16 (2) As a juror or precinct official;

17 (3) As a part-time or temporary employee excluded
18 from membership in the system pursuant to section 88-43, as a
19 session employee excluded from membership in the system pursuant
20 to section 88-54.2, as the president and chief executive officer
21 of the Hawaii tourism authority excluded from membership in the
22 system pursuant to section 201B-2, or as any other employee

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1 expressly excluded by law from membership in the system;

2 provided that:

3 (A) The retirant was not employed by the State
4 or a county during the six calendar months prior to the first
5 day of reemployment; and

6 (B) No agreement was entered into between the
7 State or a county and the retirant, prior to the retirement of
8 the retirant, for the return to work by the retirant after
9 retirement;

10 (4) In a position identified by the appropriate
11 jurisdiction as a labor shortage or difficult-to-fill position;
12 provided that:

13 (A) The retirant was not employed by the State
14 or a county during the twelve calendar months prior to the first
15 day of reemployment;

16 (B) No agreement was entered into between the
17 State or a county and the retirant, prior to the retirement of
18 the retirant, for the return to work by the retirant after
19 retirement; and

20 (C) Each employer shall contribute to the
21 pension accumulation fund the required percentage of the rehired

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1 retirant's compensation to amortize the system's unfunded
2 actuarial accrued liability; or

3 (5) As a teacher or an administrator in a teacher
4 shortage area identified by the department of education or in a
5 charter school or as a mentor for new classroom teachers;
6 provided that:

7 (A) The retirant was not employed by the State
8 or a county during the twelve calendar months prior to the first
9 day of reemployment;

10 (B) No agreement was entered into between the
11 State or a county and the retirant prior to the retirement of
12 the retirant, for the return to work by the retirant after
13 retirement; and

14 (C) The department of education or charter
15 school shall contribute to the pension accumulation fund the
16 required percentage of the rehired retirant's compensation to
17 amortize the system's unfunded actuarial accrued liability[÷];

18 (6) As a police officer and enrolled in the deferred
19 retirement option program."

20 SECTION 3. Section 88-98, Hawaii Revised Statutes, is
21 amended as follows:

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1 "§88-98 Return to service of a retirant. (a) Any retirant,
2 except a police officer retirant enrolled in the deferred
3 retirement option program, who returns to employment requiring
4 active membership in the system shall be reenrolled as an active
5 member of the system in the same class from which the retirant
6 originally retired and the retirant's retirement allowance shall
7 be suspended.

8 (1) If the retirant returns to service before July 1,
9 1998, and again retires, the retirant's retirement allowance
10 shall consist of:

11 (A) For members with fewer than three years of
12 credited service during the member's period of reemployment, the
13 allowance to which the member was entitled under the retirement
14 allowance option selected when the member previously retired and
15 which was suspended; plus, for the period of service during the
16 member's reemployment, the allowance to which the member is
17 entitled for that service based on the retirement allowance
18 option initially selected and computed for the member's age,
19 average final compensation, and other factors in accordance with
20 the benefit formula under section 88-74 in existence at the time
21 of the member's latest retirement; or

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1 (B) For members with three or more years of
2 credited service during the member's period of reemployment, the
3 allowance computed as if the member were retiring for the first
4 time; provided that in no event shall the allowance be less than
5 the amount determined in accordance with subparagraph (A); and

6 (2) If the retirant returns to service after June 30,
7 1998, and again retires, the retirant's retirement allowance
8 shall be computed in accordance with paragraph (1)(A),
9 regardless of the number of years of service in the reemployment
10 period.

11 (b) Any retirant who received the special retirement
12 incentive benefit under Act 253, Session Laws of Hawaii 2000, as
13 amended by Act 131, Session Laws of Hawaii 2002, and is
14 reemployed by the State or a county in any capacity shall:

15 (1) Have the retirant's retirement allowance
16 suspended;

17 (2) Forfeit the special retirement incentive benefit
18 and any related benefit provided by this chapter; and

19 (3) Be subject to the age and service requirements
20 under section 88-73 when the member again retires.

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1 (c) If a retirant's maximum retirement allowance upon the
2 retirant's initial retirement was subject to the limits on
3 maximum retirement allowance under section 88-74:

4 (1) The limit shall apply to the computation of the
5 retirant's maximum retirement allowance for the retirant's
6 period of service during the retirant's reemployment, so that
7 the sum of:

8 (A) The per cent by which the retirant's average
9 final compensation for the retirant's years of service prior to
10 the retirant's initial retirement is multiplied to determine the
11 retirant's maximum retirement allowance upon the retirant's
12 initial retirement; and

13 (B) The per cent by which the retirant's average
14 final compensation for any period of reemployment after the
15 retirant's initial retirement is multiplied to determine the
16 retirant's maximum retirement allowance for the period of
17 reemployment, shall not exceed the limit, under section 88-74,
18 on the per cent by which the retirant's average final
19 compensation may be multiplied for the purpose of determining
20 the retirant's maximum retirement allowance. For example, if a
21 retirant's maximum retirement allowance upon the retirant's
22 initial retirement was limited by section 88-74 to eighty per

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1 cent of the retirant's average final compensation, and the
2 retirant retired with a maximum allowance equal to seventy per
3 cent of the retirant's average final compensation, the
4 retirant's maximum allowance for the retirant's period of
5 reemployment may not exceed ten per cent of the retirant's
6 average final compensation for the retirant's period of
7 reemployment; and

8 (2) If the retirant's maximum retirement allowance
9 upon the retirant's initial retirement was equal to or greater
10 than the applicable limit under section 88-74, the retirant
11 shall not earn service credit or earn any additional retirement
12 allowance during the retirant's period of reemployment, and the
13 reemployed retirant shall not make any contributions under
14 section 88-45.

15 (d) If a retirant's designation of beneficiary was
16 irrevocable upon the retirant's initial retirement, the retirant
17 may not change the retirant's designated beneficiary when the
18 retirant returns to service or when the former retirant again
19 retires.

20 (e) A retirant who returns to service shall not be
21 considered to be "in service", for the purposes of section 88-
22 75, 88-79, 88-84, or 88-85, or any other provision of this

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1 chapter providing for benefits arising out of the disability or
2 death of a member. A retirant who returns to service and dies
3 during the period of reemployment shall be considered to have
4 retired again effective as of the first day of the month
5 following the month in which the death occurs, except for death
6 during the month of December when the effective date of
7 retirement may be the last day of the month.

8 (f) There is a deferred retirement option program for
9 police officers. A police officer who has reached the service
10 requirements for normal retirement is eligible to enter the
11 deferred retirement option program. Once enrolled in the
12 deferred retirement option program, the enrollee's service and
13 benefit levels are locked as of the effective date of
14 enrollment. Pension payments for deferred retirement option
15 program enrollees will be deposited to a deferred retirement
16 option program account each month with investment earnings or
17 losses at a rate equal to the pension plan's actual investment
18 return, net of investment expenses, and will be paid upon
19 termination from the program in accordance with rules adopted by
20 the board. Police officers enrolled in the deferred retirement
21 option program must enroll within twelve months of eligibility
22 for normal retirement. Enrollees may participate for a maximum

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of one hundred twenty months as long as their tenure does not
exceed thirty-five total years. Enrollment in the deferred
retirement option program will cease if an enrollee is unable to
continue as an active police officer for longer than twenty
working days excluding vacation days. Deferred retirement option
program enrollees do not pay into the retirement system.
Deferred retirement option program enrollees accrue sick and
vacation leave credits. Vacation leave credits will be paid into
the enrollee's deferred retirement option program account upon
termination from the program. Sick leave credits will not be
paid upon termination and will not count toward any retirement
payments. Deferred retirement option participants will receive
healthcare benefits as retirees. Upon participation in deferred
retirement option program the member is deemed a retiree of the
pension fund deferred retirement option program participants
will not receive a disability benefit from the pension plan
since they are already retired. No additional service credit
will accrue. Deferred retirement option program enrollees are
not eligible for deferred compensation.

~~(f)~~ (g) The board shall adopt any rules as may be required
to administer this section."

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1 SECTION 4. Statutory material to be deleted is bracketed
2 and in strikethrough. New statutory material is underscored.

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

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5 INTRODUCED BY: _____

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