

ALAN M. ARAKAWA
Mayor



DAVID J. UNDERWOOD
Director

CYNTHIA M. RAZO-PORTER
Deputy Director

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COUNTY OF MAUI

DEPARTMENT OF PERSONNEL SERVICES

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July 30, 2018

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Mayor Date

For Transmittal to:

Honorable Yuki Lei Sugimura
Chair, Policy, Economic Development, and Agriculture Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

**SUBJECT: CONFIRMATION OF DIRECTOR OF HOUSING AND HUMAN CONCERNS AND
PLANNING DIRECTOR (PEA-84)**

We are in receipt of your communication PEA-84, which requests:

"May I please request your assistance with providing the estimated pension payout for William Spence based on his salary and years of service, as of January 2, 2019."

Thank you for your inquiry. While we are happy to attempt to provide this information, please be advised that any pension amounts or calculations that we provide are estimates only. The actual pension calculations and determinations are done by the Employees Retirement System (ERS), which administers pensions for public employees in Hawaii. The ERS's records may include information that is not available to us (e.g., if Mr. Spence had creditable service in other jurisdictions, etc.) and thus may differ significantly from ours.

With that caveat, we have attempted to answer your question in two respects: what the direct pension payout would be to Mr. Spence from the County due to his term of appointment expiring, and whether there would be any change in ongoing pension liability due to his appointment as Director of Housing and Human Concerns.

Honorable Yuki Lei Sugimura
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With regard to the pension payout, we believe the direct impact to the County would be minimal, as Mr. Spence would not qualify for any direct pension payout from the County. The County's only direct payout to retirees is a retirement recognition award given to retirees with long terms of continuous service. Based on the duration of Mr. Spence's service, he would not qualify for a cash award under this program. While Mr. Spence would be eligible to receive pension benefits should he choose to file for retirement, these benefits are paid by the Employees Retirement System, not the County.

We believe the change in ongoing pension liability due to Mr. Spence assuming the position of Director of Housing and Human Concerns would also be quite small. In general, pension benefits are determined by the retiree's creditable years of service, their average final compensation, and their retirement system classification. Of these, the only factor that would be affected by Mr. Spence assuming the new position would be the calculation of average final compensation, which would decrease due to the lower pay rate in the new position. Based on his average final compensation, we believe Mr. Spence's potential pension would be approximately \$3,230 per month, a decrease of approximately \$248 per month from what it would have been had he remained in his position as Director of Planning for the duration of his term.

I hope this addresses your request. If you have any questions, please feel free to contact me at extension 7850.

Sincerely,

A handwritten signature in black ink, appearing to read 'DU', is written over the printed name.

DAVID UNDERWOOD
Director of Personnel Services

DU