

# Holomua



Employees' Retirement System  
of the State of Hawaii



Retirees

July 2010

## Wesley Machida named new Administrator

With the retirement of ERS Administrator David Shimabukuro, Assistant Administrator Wesley Machida became the new Administrator effective July 1, 2010. Wes, who was born in Moiliili and raised in Pearl City, is a graduate of Kamehameha Schools. He attended Pacific University in Oregon, returning to finish his education at the University of Hawaii where he earned a bachelor's degree in economics and a master's degree in business administration. Prior to becoming the Assistant Administrator of ERS in 2000, Wes worked in the Office of the Auditor; Grant Thornton, LLP; the Child Support Enforcement Agency; Department of Accounting and General Services; Arthur Young & Co.; and Aloha Airlines. Wes enjoys playing tennis and golf, and spending time with his wife, Karen; daughter, Melissa; and son, Aaron.

One area Wes plans to focus on as Administrator is customer service. "That includes providing members with information and getting all of their questions answered so they can make sound retirement decisions; and being more accessible to members and retirees and everybody we serve," Wes explains. "At the same time, we need to ensure the financial stability and viability of the system," he notes. Wes says his general philosophy about work is this: he wouldn't ask anybody to do anything that he wouldn't do himself.

"I am excited about the possibilities and what we can achieve at the ERS, even with the challenges ahead," Wes notes. "Many of the baby boomers will be retiring in the next few years and we need to ensure that they receive sufficient information to make good retirement decisions. In fact, more than 11,000 State and county employees are eligible to retire right away, many of whom will spend at least 25% - 30% of their lifetime as retirees. I plan to continue the efforts that David initiated to improve members' retirements, such as with the implementation of the Hybrid Plan and Upgrade Program, pop up feature for joint and survivor benefits, and others. With the strength of our Board and knowledgeable and dedicated ERS staff, I am ready to do my best."

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## ERS Administrator David Shimabukuro retires

David Shimabukuro has retired as ERS Administrator on July 1, 2010. He served here for 28 years--16 years as the Assistant Administrator and the last 12 as its Administrator. "Of all the different positions I have held in my career, my time at ERS was the best," said David. "It was the most interesting, challenging and, most importantly, personally rewarding because I was able to help make things better for people's retirement years." When asked what he considered as highlights during his years as Administrator, David cited the following:

- *The implementation of the Hybrid Plan, which went into effect in July, 2006. The new retirement plan helps members increase their pension benefits without increasing the State and county costs since the enhanced benefits are being financed by member contributions.*
- *The adoption of a new long-term financial funding methodology in 2005 which smoothes out the huge swings in the employer's annual contributions to ERS. This new law also strengthens the ERS, reduces investment risks and helps ensure that sufficient funds will be available to pay benefits promised to current and future retirees.*
- *Streamlining administrative procedures. This includes the development and implementation of a new computer system, the conversion of forty years of paper records to electronic media, and the launching of the ERS web site and online retirement benefit calculators for members.*

Wesley Machida has been selected to be the next Administrator by the ERS Board of Trustees. David said "Wes is going to take us to the next level. I couldn't be happier with his appointment. He knows ERS and its needs; he is a problem solver; he is a strong team player and a team leader; and he cares deeply for the staff and the membership."

"I am honored to succeed David Shimabukuro as Administrator," says Wes. "He has accomplished so much during his 28 years at the ERS. David always had the best interests of the ERS members in mind and I plan to continue to improve on the many accomplishments he made."

Board Chairperson, Jackie Ferguson-Miyamoto, says, "Most of the beneficiaries of ERS don't realize how much David has done for all of us. After working with him over the past thirteen-plus years, I can honestly say he has worked hard to make the necessary improvements that will enhance the quality of life for our members. For that I am grateful to him. On behalf of our membership I want to thank him and wish him the best of everything."

Among David's activities during his retirement will be making home improvements since he and his wife, Susanne, just moved from Aiea to Kaimuki. He is looking forward to doing more traveling and spending time with Susanne, and his children, Reid and Denise.

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## Two board of trustee positions filled

We extend a warm welcome to Emmit Kane and Jerry Rauckhorst, our newest board members. Mr. Kane is filling the remaining term of Darwin Hamamoto, who retired on December 31, 2009. Mr. Kane will serve the remainder of the term until January 1, 2012. Mr. Rauckhorst, who will serve until January 1, 2015, replaced Henry Beerman, whose term expired.

Mr. Kane has more than a decade of supervisory, management, and long-range planning experience with the Honolulu Fire Department where he is currently Assistant Chief of Fire Operations. He was an East-West Center Degree Fellow and holds a Master of Business Administration degree from the University of Hawaii.

Mr. Rauckhorst is the president and CEO of Catholic Charities Hawaii. Born and raised in Ohio, he holds a Master of Science in Social Administration degree from Case Western Reserve University. Prior to joining Catholic Charities Hawaii in 1995, Mr. Rauckhorst was with Catholic Charities agencies in Cleveland and Pittsburgh. He has strategic planning, organizational development, and financial experience.

## 2010 new retirement laws that may affect you

The following measures that affect active members, retirees, and beneficiaries of the ERS were passed by the 2010 Hawaii State Legislature and signed by the Governor. More information on these Acts is available online at [www.capitol.hawaii.gov/](http://www.capitol.hawaii.gov/). Select Bill Status and Documents; go to the box titled 2010 Regular Session Bills Introduced, Passed, and Vetoed; click on List of Acts; then select Act number.

### Act 94 Relating to the Payment of Employees' Retirement System Benefits

- Provides for the payment by direct deposit to a financial institution instead of by paper check effective April 1, 2010.
- Provides for the payment on a monthly basis instead of a semi-monthly basis.
- Requires the transition period from semi-monthly payments to monthly payments to be implemented over a six-month period beginning in January 2011 and ending in June 2011.
- Exempts the switch from semi-monthly to monthly payments for those retirees and beneficiaries who retired or became a beneficiary prior to January 1, 2003, is at least 80 years of age by January 1, 2011, and receives \$800 or less of pension benefits each month.
- Streamlines the processing of ERS pension payments by reducing the number of benefit payment transactions each year.
- Results in substantial savings for ERS and adds approximately \$900,000 annually to ERS' bottom line.

### Act 179 Relating to the Reemployment of Retiree Benefits

- Requires a 6 month retirement period before an ERS retiree can return to work in a State or county temporary, part-time, casual, or other position that is excluded from ERS membership.
- Requires a 12 month retirement period before an ERS retiree can return to work in a labor shortage, difficult-to-fill, or teacher shortage area positions.
- This measure is needed to help retain ERS' federal tax-exempt status and imposes penalties upon retirees and employers if the retirees are reemployed in violation of chapter 88, HRS and the Internal Revenue Code of 1986, as amended.
- Requires reimbursement of retirement allowances and administrative expenses; payment of employee and employer contributions; plus 8 per cent annual interest for retirees reemployed in violation of the conditions for reemployment; in addition to suspension of retirement benefits.
- Effective January 1, 2011.

### Act 197 Relating to Definition of Sewer Worker

- Amends the definition of "sewer worker", for ERS purposes to include sewer maintenance working supervisors, wastewater collection system inspection supervisors, wastewater collection system district supervisors, and wastewater collection system field services supervisors.
- Enables these Noncontributory Plan supervisors to take early retirement without reduction for age with at least 25 years of credited service at any age; provided the last 5 years or more prior to retirement is credited in that capacity.
- Effective July 1, 2011.



**Employees' Retirement System**  
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# Holomua

Retirees



July 2010

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