HAWAII RETIREMENT SAVINGS BOARD
AUGUST 19, 2025, MEETING PACKET

HAWAII RETIREMENTS SAVINGS BOARD AGENDA – AUGUST 19, 2025, MEETING

STATE OF HAWAIʻI
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAIʻI 96813

HAWAIʻI RETIREMENT SAVINGS BOARD MEETING

AGENDA

Date:	August 19, 2025
Time:	10:00 a.m.
In-Person Meeting Location:	Princess Ruth Keʻelikolani Building 830 Punchbowl Street, Room 321 Honolulu, Hawaiʻi 96813
Virtual Participation:	Virtual Videoconference Meeting – Zoom Meeting (Link below) https://us02web.zoom.us/j/88506657723?pwd=ub95a3nFPZoc0koFqWhi1cbEulHt9h.1
Meeting ID:	885 0665 7723
Passcode:	060395
Phone:	+1 669 444 9171 US
Phone Conference ID:	456 652 587
Agenda:	The agenda was posted to the State electronic calendars as required by §92-7(b), Hawaiʻi Revised Statutes (“HRS”).
Board Meeting Materials:	Meeting materials are available for review at https://labor.hawaii.gov/hrsp/board-meetings/.

If you wish to submit written testimony on any agenda item, please email your testimony to dlir.hrsp@hawaii.gov or by hard copy mail to: Attn: Hawaiʻi Retirement Savings Program, 830 Punchbowl Street, Room 321, Honolulu, HI 96813. We request submission of testimony at least 24 hours prior to the meeting to ensure that it can be distributed to the Board members.

INTERNET ACCESS:

To view the meeting and provide live oral testimony, please use the link at the top of the *agenda. You will be asked to enter your name. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You will also be asked for an email address. You may fill in this field with any entry in an email format, e.g., *****@***mail.com.*

Your microphone will be automatically muted, and video will be turned off. When the Chairperson asks for public testimony, you may click the Raise Hand button found on your Zoom screen to indicate that you wish to testify about an agenda item. You will individually be enabled to unmute your microphone, turn on your video if you choose to, and testify. When recognized by the Chairperson, please unmute your microphone and turn on your video if you choose to before speaking and mute your microphone and turn off your video after you finish speaking.

PHONE ACCESS:

If you cannot get internet access, you may get audio-only access by calling the Zoom Phone Number listed at the top on the agenda. Upon dialing the number, you will be prompted to enter the Meeting ID which is also listed at the top of the agenda. After entering the Meeting ID, you will be asked to wait to be admitted into the meeting.

When the Chairperson asks for public testimony, you may indicate you want to testify by entering "" and then "9" on your phone's keypad. After entering "*" and then "9", a voice prompt will let you know that the host of the meeting has been notified. When recognized by the Chairperson, you may unmute yourself by pressing "*" and then "6" on your phone. A voice prompt will let you know that you are unmuted. Once you are finished speaking, please enter "*" and then "6" again to mute yourself.*

For both internet and phone access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to five minutes of testimony per agenda item. Pursuant to Act 12, SLH 2024, the Board may remove or block any person who willfully disrupts or compromise the conduct of the meeting.

If connection to the meeting is lost for more than 30 minutes, the meeting will be continued on a specified date and time. This information will be provided on the Board's website at https://labor.hawaii.gov/hrsp/board-meetings/.

Instructions to attend State of Hawaii virtual board meetings may be found online at https://labor.hawaii.gov/wp-content/uploads/2025/01/State-of-Hawaii-Virtual-Board-Attendee-Instructions.pdf.

I. Call Meeting to Order

II. Approval of the Minutes

A. June 24, 2025, Open Session Meeting Minutes

III. New Business:

A. Fiduciary Responsibilities of the Hawaii Retirement Savings Board

Deputy Attorney General Matthew Anbe will present to the Hawaiʻi Retirement Savings Board its fiduciary duties to implement and administer the Hawaiʻi Retirement Savings Program.

B. The Pew Charitable Foundation Presentation

John C. Scott, Project Director, Retirement Savings, The Pew Charitable Trusts, will provide the Hawaiʻi Retirement Savings Board retraining and, among other things, updated information regarding an implementation timeline and startup and ongoing costs to run the Hawaiʻi Retirement Savings Program.

IV. Executive Director's Report

A. 2025 Ethics Training

Reminder from the Hawaii State Ethics Commission regarding board and commission members mandatory ethics training requirement.

V. Next Meeting:

September 2025
Virtual Videoconference Meeting – Zoom Meeting

and

In-Person Meeting Location:

Princess Ruth Keʻelikolani Building
830 Punchbowl Street, Room 321
Honolulu, Hawaiʻi 96813

VI. Adjournment

Reasonable accommodations for people with disabilities are available upon request. Requests for accommodations should be submitted via email to david.j.rodriguez@hawaii.gov or by calling David Rodriguez at (808) 586-8855 (voice) as soon as possible. Such requests should include a detailed description of the accommodation needed. In addition, please include a way for David Rodriguez to contact the requester if more information is needed to fulfill the request. Last minute requests will be accepted but may not be possible to accommodate. Upon request, this notice is available in alternate formats.

II. APPROVAL OF MEETING MINUTES:
JUNE 24, 2025

STATE OF HAWAIʻI
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAIʻI 96813

HAWAIʻI RETIREMENT SAVINGS BOARD

MINUTES OF THE MEETING

Date: June 24, 2025

Time: 1:00 p.m.

In-Person Meeting Location: Princess Ruth Keʻelikolani Building
830 Punchbowl Street, Room 321
Honolulu, Hawaiʻi 96813

Virtual Participation: Virtual Videoconference Meeting – Zoom Webinar

https://us02web.zoom.us/j/89810613627?pwd=d9Gge8JIH9675tWxpOUPh03TLfngFh.1

Meeting Recording: https://youtu.be/zbii_12Z6-E

Present:
William G. Kunstman, Deputy Director, Department of Labor and Industrial Relations ("DLIR"), Director Designee
Derek Shigano, Special Assistant, Department of Budget and Finance, Director Designee
Jessie Keola Dean, Member
Barbara Krieg, Member
Andrew Nomura, Member
Brian Taniguchi, Member
Karen Yasukawa, Member
Representative Jackson D. Sayama
Ahlani K. Quiogue, Executive Director
Chavonnie J. Ramos, Public Information Officer, DLIR
Rhalina S. Yuen, WDD, Intern
Tri C. Pham, Information Technology Specialist, DLIR

Excused: Senator Henry J.C. Aquino, Member

Zoom Guests:	Grace Sullivan Angela Antonelli, Georgetown Center for Retirement Initiatives aknecht Steven G. John C. Scott, The Pew Charitable Trusts
In-Person Guest(s):	None.
Agenda:	The agenda for this meeting was posted to the State electronic calendar as required by Hawaii Revised Statutes ("HRS") section 92-7(b). Co-Chairperson Kunstman explained to the members of the public the procedures to participate in the hybrid board meeting, including how a member of the public can participate and interact with the Board during the board meeting.
Call to Order:	The meeting was called to order at 1:05 p.m., at which time quorum was established. Co-Chairperson Kunstman welcomed everyone to the meeting and proceeded with a roll call of the Board members. All Board member(s) attending the meeting virtually confirmed that they were present and alone.
Mahalo to Member Karen Yasukawa:	Ms. Quiogue thanked Ms. Yasukawa for her service and dedication to the Board. On behalf of the Department of Labor and Industrial Relations and Director Jade Butay, Co-Chairperson Kunstman thanked Ms. Yasukawa for her service.
Approval of the April 15, 2025, Open Session Minutes:	Co-Chairperson Kunstman asked for public comment on this agenda item. There was none. *Representative Jackson D. Sayama entered the Zoom meeting room at 1:07 p.m.* Co-Chairperson Kunstman asked for comments or amendments to the minutes from the Board members. There was none. It was moved by Mr. Taniguchi, seconded by Mr. Dean, and unanimously carried to approve the April 15, 2025, meeting minutes [link, pages 5-13] as circulated.
2025 Legislative:	A. Legislation

Mr. Dean asked that the training be conducted by individuals who are most knowledgeable in their field of retirement savings programs and cover topics such as the status of retirement savings programs across the country and the benefits and disadvantages of the Board choosing to be a standalone program or entering a multistate consortium/interstate compact. He indicated further that the Board's Deputy Attorney General should provide an overview of its fiduciary responsibilities.

Mr. Nomura referred to the Board meeting packet materials [link, pages 94 and 95] provided for the state of Minnesota, and asked where that would fall under the Board's implementation plan.

Ms. Quiogue referred to the document titled, "HRSP – Hawaii Retirement Savings Program: Moving Forward – Priorities and Opportunities," and stated that it would fall under the category: "Pre-implementation Information Gathering." [link, page 31]

Co-Chairperson Kunstman requested that the Board's budget be provided.

Ms. Quiogue referred to the budget comparison worksheet dated May 12, 2025, in the meeting packet [link, page 40] and noted that the Program received an appropriation in the amount of $720,000 for FY26 and $445,000 for FY27. She explained further that the Program initially requested $720,000 for both fiscal years by way of a Governor's Message dated February 18, 2025, but decreased the associated costs for the latter fiscal year.

Co-Chairperson Kunstman stated further that per the Governor's budget execution policies, there will be a 5% hard restriction and 5% contingency restriction on adjusted discretional general fund appropriations.

There being no further discussion or questions, Co-Chairperson Kunstman proceeded with the next agenda item.

Executive Director Report:

A. <u>2025 Financial Disclosure Statements</u>

Ms. Quiogue reminded members that all financial disclosure statements for State officials and boards and commissions members were due on by Monday, June 2, 2025. Members must file their disclosures immediately if they have not already done so.

Next Meeting: Tuesday, August 19, 2025

In-Person Meeting Location:	Princess Ruth Ke‘elikolani Building 830 Punchbowl Street, Room 321 Honolulu, Hawai‘i 96813

Virtual Videoconference Meeting – Zoom Webinar

Adjournment: There being no further business, the meeting adjourned at 1:24 p.m.

Taken and recorded by:

/s/ Ahlani K. Quiogue

Executive Director

( ) Minutes approved as is.
( ) Minutes approved with changes:

III. NEW BUSINESS:

A. FIDUCIARY RESPONSIBILITIES OF THE HAWAII RETIREMENT SAVINGS BOARD

HAWAII RETIREMENT SAVINGS BOARD
Fiduciary Duties of the Board

I. The Board's fiduciary duties begin with Hawaii Revised Statutes (HRS) Chapter 389:

A. HRS § 389-3 sets out the purpose of the Board.

1. "[T]o implement and administer a state-facilitated payroll-deduction retirement savings program for private-sector employees who do not have access to employer-sponsored retirement plans." **HRS § 389-3(a)**.

2. "The board, or its co-chairs with the approval of the board, may employ an executive director exempt from chapters 76 and 89, and other staff necessary to perform its duties." **HRS § 389-3(f)**.

B. HRS § 389-4 sets out the powers and duties of the Board. Of the many powers and duties identified in 389-4, some of the provisions more relevant to the Board's duty of care (and discretion, as well as significant responsibilities) are as follows (without reciting every provision in the subsection):

1. Cause the program and arrangements and accounts established under the program to be designed, established, and operated:

(A) In accordance with best practices for retirement savings vehicles;

(B) To encourage participation, saving, sound investment practices, and appropriate selection of default investments;

(C) To maximize simplicity and ease of administration for employers;

(D) To minimize costs, including by collective investment and other measures to achieve economies of scale and other efficiencies in program design and administration;

(E) To promote portability of benefits; and

07/31/25

(F) To avoid preemption of the program by federal law;

HRS § 389-4(a)(2).

2. Determine the eligibility of an employer, employee, or other individual to participate in the program. **HRS § 389-4(a)(4)**.

3. Ensure the program's compliance with all applicable laws and regulations. **HRS § 389-4(a)(5)**.

4. Establish procedures for the timely and fair resolution of participant and other disputes related to accounts or program operation. **HRS § 389-4(a)(6)**.

5. Develop and implement:

(A) An investment policy that defines the program's investment objectives and that is consistent with the objectives of the program; and

(B) Other policies and procedures consistent with those investment objectives.

HRS § 389-4(a)(7).

6. Enter into contracts pursuant to chapter 103D for services that the board deems necessary to carry out the purposes of this chapter, including:

(A) Services of private and public financial institutions, depositories, consultants, actuaries, counsel, auditors, investment advisors, investment administrators, investment management firms, other investment firms, third-party administrators, other professionals and service providers;

(B) Research, technical, financial, administrative, and other services; and

(C) Services of other state agencies to assist the board in the exercise of its powers and duties.

HRS § 389-4(a)(11).

7. Ensure that all contributions to individual retirement accounts under the program may be used only to:

(A) Pay benefits to participants under the program;

(B) Pay the cost of administering the program; and

(C) Make investments for the benefit of the program; provided that no assets of the program shall be transferred to the general fund of the State or to any other fund of the State or otherwise encumbered or used for any purpose other than those specified in this paragraph.

HRS § 389-4(a)(14).

8. Evaluate the need for and, if the board deems necessary, procure:

(A) Insurance against any and all loss in connection with the property, assets, or activities of the program; and

(B) Pooled private insurance.

HRS § 389-4(a)(16).

9. Collaborate with and evaluate the role of financial advisors or other financial professionals, including in assisting and providing guidance for covered employees. **HRS § 389-4(a)(18)**.

C. **HRS § 389-5(a)** requires that, "The program shall be administered by the board, *in consultation with* the department and the department of budget and finance."

D. **HRS § 389-5(b)** appears to provide the Board with the discretion that, "Prior to implementation of the program, the board *may* conduct a detailed implementation and evaluation study and perform other due diligence tasks to determine the feasibility of the program parameters established by this chapter and the resources and time needed to implement the program. Upon completion of the study, the board *shall* report its findings and recommendations, including any proposed legislation and funding requirements, to the legislature."

Should the Board elect <u>not</u> to conduct such a study, it should have reasonable, justifiable, and articulable reasons not to have done so.

E. **HRS § 389-5(c)** also appears to provide, at the discretion of the Board, that, "Upon submittal of its report to the legislature pursuant to subsection (b) and *prior to implementation of the program*, the board *may* determine the level of staffing necessary to implement the program, develop an implementation strategy and timetable, and conduct outreach efforts to potential covered employers and covered employees."

Should the Board, prior to implementation of the program, elect <u>not</u> to (conduct and) submit such study to the Legislature, and should the Board <u>not</u> determine the level of necessary staffing, <u>not</u> develop an implementation strategy and timetable, and <u>not</u> conduct outreach, it should have reasonable, justifiable, and articulable reasons not to have done so.

F. **HRS § 389-37(a)** requires that, "The program shall be managed by a program manager that shall be a financial institution with professional knowledge and experience in managing payroll deduction IRAs, contracted by the board in compliance with chapter 103D."

Chapter 103D establishes State procurement procedures.

II. Statute provides the Board with some protection from liability.

A. **HRS § 389-10** limits the liability of the Board specifically related to Chapter 389.

B. **HRS § 26-35.5** provides additional immunity to the Board and State board members in general, unless the act or omission was done with a malicious or improper purpose.

C. Complying with and procuring goods and services through **Chapter 103D**, the State's procurement code, can provide additional protection. Noncompliance with or procuring goods or services outside of Chapter 103D can create liability for Board members.

III. There are limitations regarding the protections against the liability of Board members.

A. In Awakuni v. Awana, 115 Haw. 126 (2007), the Hawaii Supreme Court held that while members of State boards *may* not have a common law fiduciary duty, the statutory provisions of Chapter 389 will be considered in identifying the duties of the Board.

B. In an earlier decision, Honda v. Bd. of Trustees of ERS, 108 Haw. 338 (2005), the Hawaii Supreme Court initially seemed to also hold that the duties owed by the of members of State boards shall be determined by their statutorily mandated duties. However, the Court went on to state that creation by statute does not necessarily insulate a board from common law duties. While it is unclear if the Hawaii Supreme Court's 2007 decision in Awakuni supersedes its 2005 decision in Honda, and while the Honda decision seems to render HRS § 26-35.5 meaningless by imposing a greater duty on State board members that appears to exceed the malicious and improper standard of HRS § 26-35.5, the 2005 Honda decision nonetheless exists.

IV. Conclusion.

Adherence to all statutory duties imposed on the Board through Chapters 389 and 103D is vitally important in determining whether the Board has carried out its duties and acted without malice or impropriety. Any deviation from any statutory or other standard of care should be avoided and, if deviation is deemed necessary, the Board should have reasonable, justifiable, and articulable reasons for such deviation.

V. The disclaimer:

The analysis and evaluation of the Board's fiduciary or other duty of care is complex and nuanced. The discussion presented here is in no way intended to be complete or applicable to all situations regarding the Board's conduct and whether it met its duty of care. This is the product of Deputy Attorney General Michael Moriyama.

III. NEW BUSINESS:
B. THE PEW CHARITABLE FOUNDATIONS PRESENTATION

HAWAIʻI RETIREMENT SAVINGS PROGRAM MODELING

For further information, please visit:
pewtrusts.org/retirementsavings

Contact: Andrew Blevins, Officer
Email: ablevins@pewtrusts.org
Project website: pewtrusts.org/retirementsavings

Executive Summary

Hawaiʻi's auto-IRA program is projected to achieve strong early adoption and long-term financial sustainability while potentially providing retirement savings access to nearly 200,000 uncovered workers statewide.

Program Scale and Early Performance

The Hawaiʻi Retirement Savings Program will serve workers without workplace retirement plans through automatic payroll deductions into individual retirement accounts. The baseline projection estimates coverage for approximately 196,600 eligible workers at 21,300 employers, with a conservative scenario covering roughly 99,700 workers at 18,800 employers.

The modeling demonstrates rapid initial program momentum. Under the baseline scenario, participating employers grow from 1,900 in FY2026 to 4,400 in FY2027, while covered workers increase from 43,900 to 81,400. Funded accounts—those receiving at least one contribution—rise from 9,200 to 32,000 during this same period. Assets under management reach $36.8 million by FY2027. Even under conservative assumptions, the program covers substantial numbers: 1,700 to 3,900 employers, 18,100 to 34,800 workers, and 4,300 to 13,200 funded accounts.

Long-Term Growth and Financial Impacts

By FY2039, the baseline scenario projects $682.6 million in assets serving 45,600 funded accounts, while the conservative scenario reaches $304.5 million serving 22,400 accounts. Both projections assume modest participant fees of 0.29% annually plus $26 per account.

Broader Retirement Security Impact

Beyond direct program participation, modeling projects that 2,400 additional employers will establish their own qualified retirement plans by FY2039 under the baseline scenario, covering 42,100 workers. Under the conservative scenario, 2,000 employers will establish plans, covering 13,600 workers. This additional program induced coverage serves as a significant secondary benefit of the program's existence.

Policy Implications

The projections demonstrate that Hawaiʻi's auto-IRA program represents sound policy with minimal fiscal risk. Even conservative assumptions yield positive outcomes, while the baseline scenario projects substantial benefits for workers and strong financial performance. The program's design effectively balances employer accessibility with meaningful coverage, and multiple enhancement pathways provide flexibility for future optimization.

Program Assumptions and Parameters

Program Overview and Launch Context

Hawaiʻi's state-facilitated retirement savings program will provide workers without access to a workplace plan the opportunity to save for retirement through automatic payroll deductions into an individual retirement account (IRA). Employers with at least one employee and no qualified retirement plan will be required to facilitate the program or claim an exemption by sponsoring their own qualified retirement plan. This report assumes a July 2026 enrollment deadline. The program will at least partially offset program costs and possibly achieve self-sufficiency over time through modest participant fees, while offering simple, portable, and low-cost savings options for workers across the state.

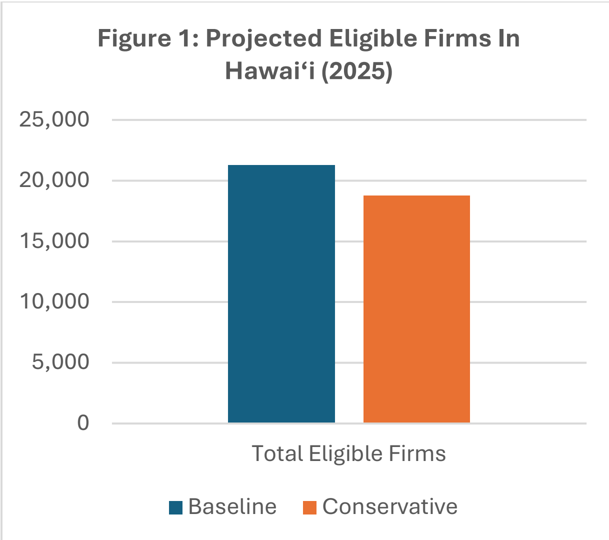
The initiative builds on findings from the original Hawaiʻi Retirement Savings Task Force, which identified a substantial retirement savings gap and concluded that a statewide Auto-IRA could help reduce financial insecurity among future retirees. Earlier projections assumed coverage beginning at firms with five or more employees and a two-wave rollout. The final enacted program broadens coverage to include all firms with one or more employees and adopts a single-wave implementation, significantly expanding potential eligibility.

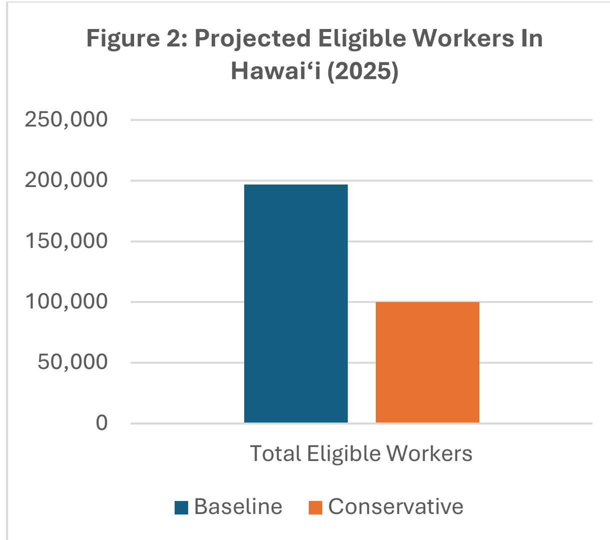
Modeling Scope and Scenarios

To assess the potential scale and financial trajectory of the program, this report presents two projections that reflect different assumptions about the number of uncovered workers in Hawaiʻi:

- **Baseline scenario** (CPS-based/high-participation case): Estimates are derived from national Current Population Survey (CPS) microdata, scaled to Hawaiʻi's firm size distribution. This approach produces a total uncovered worker population of approximately 196,600—closely aligned with the 2021 task force feasibility analysis—and results in 21,300 eligible employers statewide.
- **Conservative scenario** (SUSB-based/low-participation case): Estimates are based on the U.S. Census Bureau's Statistics of U.S. Businesses (SUSB) firm and worker counts, applying a more restrictive assumption about plan access among larger employers. This results in an uncovered worker population of roughly 99,700 and 18,800 eligible employers.

The baseline scenario reflects a broader pool of eligible participants and therefore generally higher participation over time. The conservative scenario serves as a lower bound, illustrating how outcomes may shift under more conservative eligibility assumptions.





Key Behavioral and Economic Assumptions

The updated model incorporates refinements based on final program design and observed experience from other state Auto-IRA programs, many of which were not operational at the time of the 2021 task force report. Notable parameters include:

- **Employer behavior**: The model assumes distinct plan adoption rates for small versus large firms, recognizing that larger employers are more likely to establish their own plans rather than participate in the program. The model also separately tracks the percentage of eligible firms that (1) register, (2) upload employee rosters, and (3) process payroll contributions.
- **Worker participation**: Assumes 68% of eligible employees participate (i.e., 32% opt-out), and also assumes a 25% account-opening failure rate due to incomplete or inaccurate enrollment information.
- **Contribution and withdrawal patterns**: Participating workers contribute at a default 5% of earnings, with 75% actively contributing in a given month. Contributions are subject to a 0.75% monthly employment churn rate. Withdrawals increase in early program years before stabilizing.
- **Income estimates**: The model calculates average incomes for uncovered workers by firm size from 2023 CPS microdata, adjusted downward by 15% to reflect job changes, partial-year employment, and other factors affecting contribution amounts.
- **Fees**: Total annual fees are set at 0.29% of assets plus a $26 flat fee per account, with $4 of the flat fee and 0.05% of the asset-based fee allocated to the state for administrative costs.

These assumptions either add to or replace assumptions from the 2021 task force model, resulting in a more conservative forecast of program participation and asset growth.

Interpreting the Scenarios and Limitations

The dual-scenario approach provides policymakers with a range of possible outcomes grounded in observed program performance elsewhere. While the baseline scenario is likely to better reflect maximum potential participation under favorable conditions, the conservative projection offers a more cautious estimate reflecting employer participation or worker eligibility that may be more limited.

Both projections incorporate conservative assumptions about participation, contribution consistency, and employer compliance to avoid overstating likely outcomes. Factors such as enforcement mechanisms, marketing effectiveness, and broader economic conditions could raise or lower actual participation rates relative to either projection.

Results

Overview

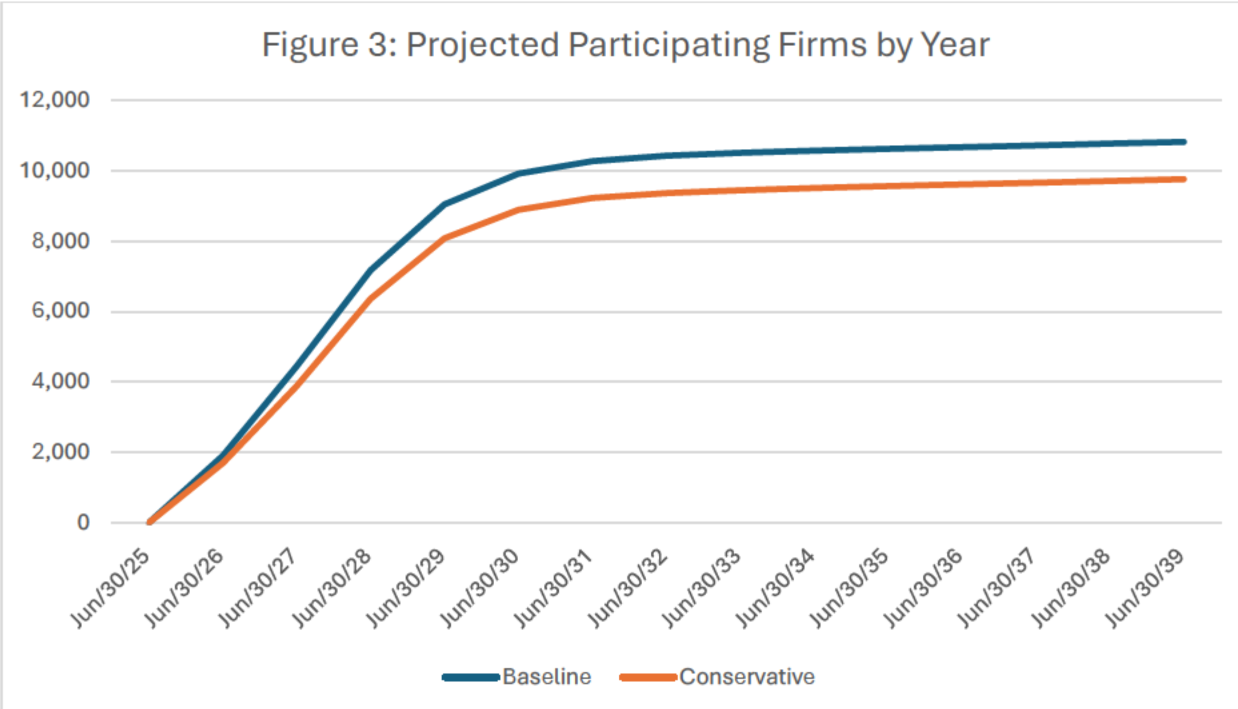
The updated projections illustrate a program that ramps quickly in its first two years and then stabilizes into a steady participation and asset growth trajectory. The baseline scenario—based on CPS data—forecasts greater reach across employers and workers leading to higher assets. The conservative scenario or SUSB-based model applies more restrictive eligibility assumptions and produces a lower bound on program outcomes.

Employer Participation

Baseline scenario: By FY2026, approximately 1,900 employers will participate, growing to 4,400 by FY2027. Participation continues to expand gradually, plateauing around 10,800 employers by FY2039—roughly 65% of eligible firms.

Conservative scenario: Participation is slightly lower in the early years, with 1,700 employers in FY2026 and 3,900 in FY2027. Long-term growth levels off at around 9,800 employers by FY2039—about 50% of eligible firms under the more conservative approach.

While the participation curves for both scenarios are similar in shape, the broader eligible firm base in the CPS scenario produces a consistently higher count of participating employers over time.



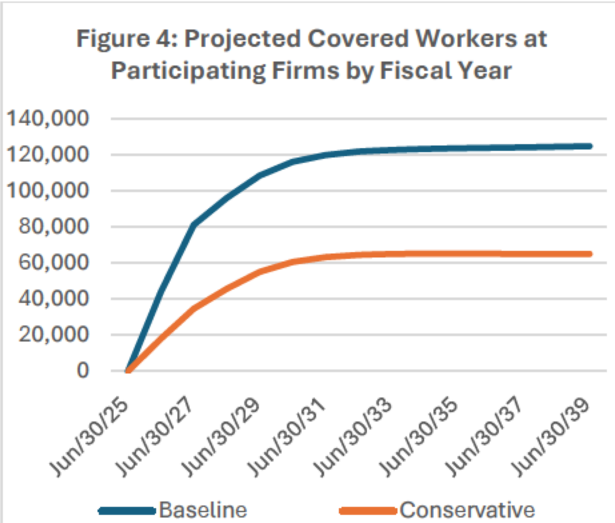
Qualified Plan Adoption Impact

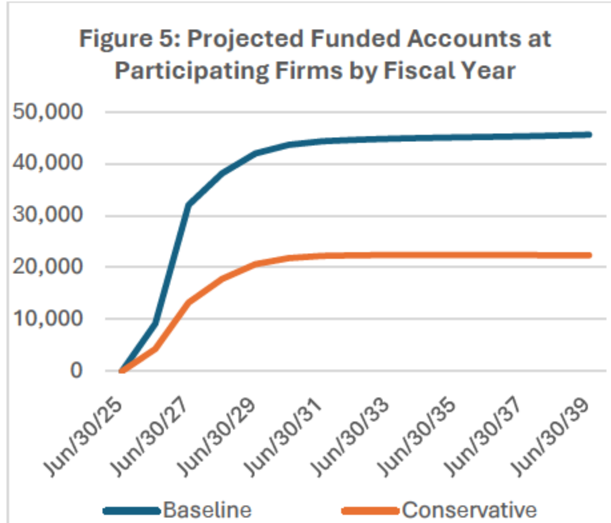
In addition to firms that are projected to enroll in the Hawai‘i Retirement Savings Program, a significant share of eligible employers will adopt their own qualified retirement plans over time. Under the baseline scenario, the number of employers with newly established plans grows from roughly 2,200 in FY2026 to approximately 2,400 by FY2039, covering an estimated 39,000 workers in the first year and about 42,100 workers by the end of the projection period. The conservative scenario projects a similar upward trend, with firms adopting their own plans increasing from approximately 1,900 in FY2026 to over 2,000 by FY2039, covering around 13,300 workers initially and roughly 13,600 by FY2039. These firms will not appear in the program's participation totals but represent an equally important achievement—workers at these companies will still gain access to payroll-deduction retirement savings, meeting the program's broader policy objective.

Worker Coverage and Funded Accounts

- **Baseline scenario:** The program will cover 43,900 workers in FY2026, growing to 81,400 by FY2027. Funded accounts—those with at least one contribution—rise from 9,200 in FY2026 to 32,000 by FY2027, plateauing near 45,000 around FY2031.
- **Conservative scenario:** Coverage reaches 18,100 workers in FY2026 and 34,800 in FY2027. Funded accounts grow from 4,300 in FY2026 to 13,200 in FY2027, stabilizing around 22,400 by FY2031.

In both scenarios, funded accounts represent a smaller share of covered workers due to account-opening failures, irregular contribution patterns, and worker job changing—parameters introduced in the updated model to reflect real-world experience.



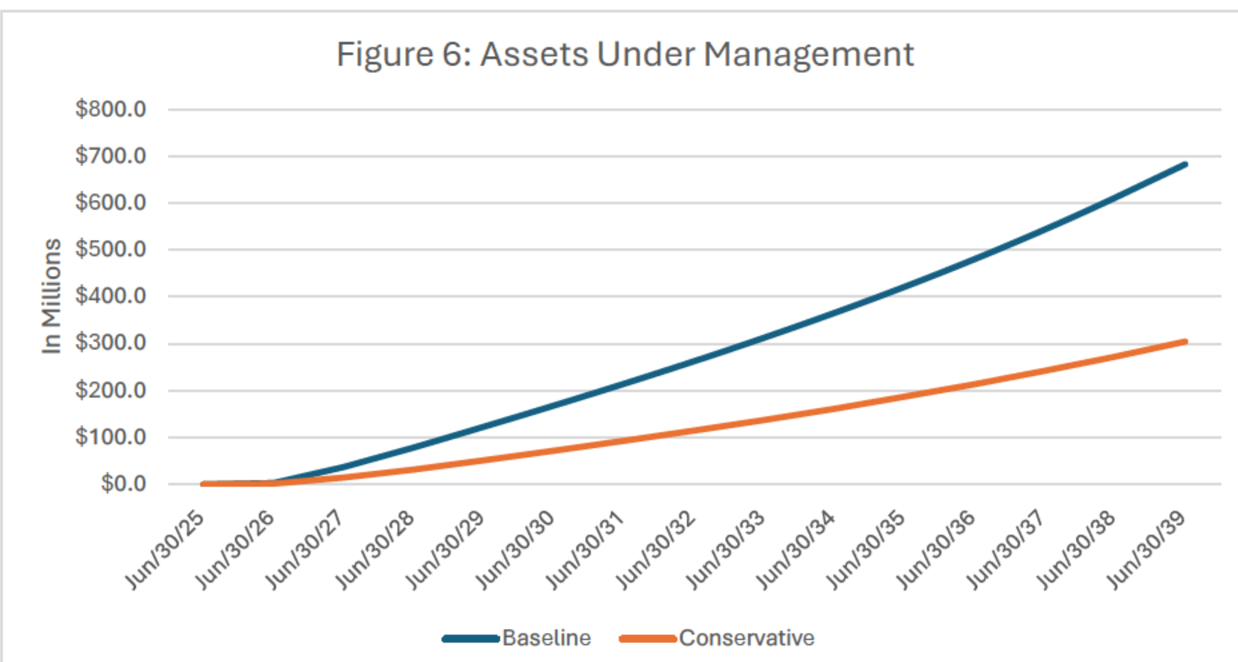


Assets Under Management (AUM)

AUM growth is driven by regularly funded accounts, ongoing contributions, and compounded investment returns.

- **Baseline scenario:** Assets reach $36.8 million by FY2027 and grow steadily to $682.6 million by FY2039.
- **Conservative scenario:** Assets reach $14.3 million by FY2027 and total $304.5 million by FY2039.

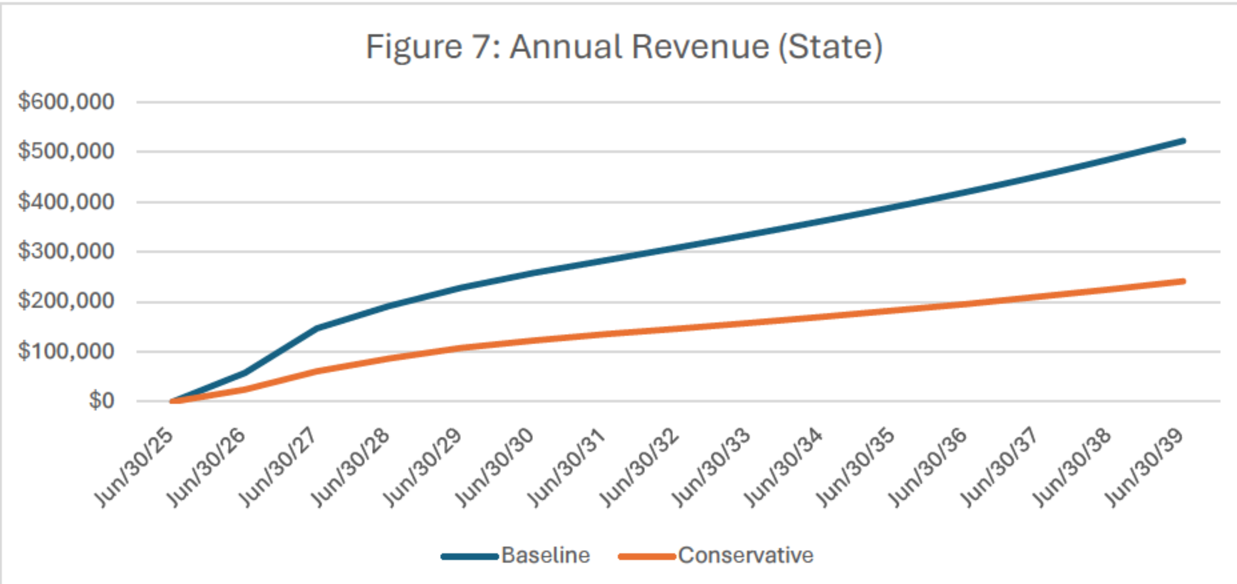
The gap between scenarios widens over time, reflecting both higher participation and a larger contribution base in the baseline scenario.



State Financial Position

The model applies the same administrative cost assumptions to both scenarios—$720,000 in FY2026 and $445,000 in FY2027, with no additional costs modeled thereafter. Fee revenues differ based on participation:

- **Baseline scenario:** Revenues are $57,700 in FY2026 and reach $389,800 in FY2035.
- **Conservative scenario:** Revenues start at $24,300 in FY2026 and grow at a lower rate and eventually reach $182,500 by FY2035.



Alternative Modeling Scenarios

Auto-Escalation

We modeled the impact of adding annual automatic contribution rate increases—commonly known as auto-escalation—to the program's default 5% deferral rate. Under this variation, participating workers' contribution rates would increase by 1 percentage point each year until reaching 10%, unless they actively choose to remain at a lower (or higher) rate. All other program assumptions, including participation rates, account-opening rates, withdrawals, and employer behavior, are identical to the baseline and conservative scenarios.

Auto-escalation has been adopted in several state programs and is intended to help workers gradually increase their retirement savings without requiring repeated action on their part. In existing programs, defaults have proven “sticky,” meaning most participants do not opt out of increases once enrolled. Because auto-escalation changes only the contribution rate and we assume “sticky” program participation, the number of participating employers, covered workers, and funded accounts is identical in both scenarios. Differences emerge entirely in the level of assets and resulting program revenues.

Baseline scenario:

- **No auto-escalation**: Assets reach $36.8M by FY2027 and grow to $682.6M by FY2039, generating $522,200 in total state revenue in the final year.
- **Auto-escalation**: Assets reach $37.6M by FY2027 and accelerate to $1.10B by FY2039—about 60% higher by the end of the projection period. Total state revenue in FY2039 rises to $731,900.

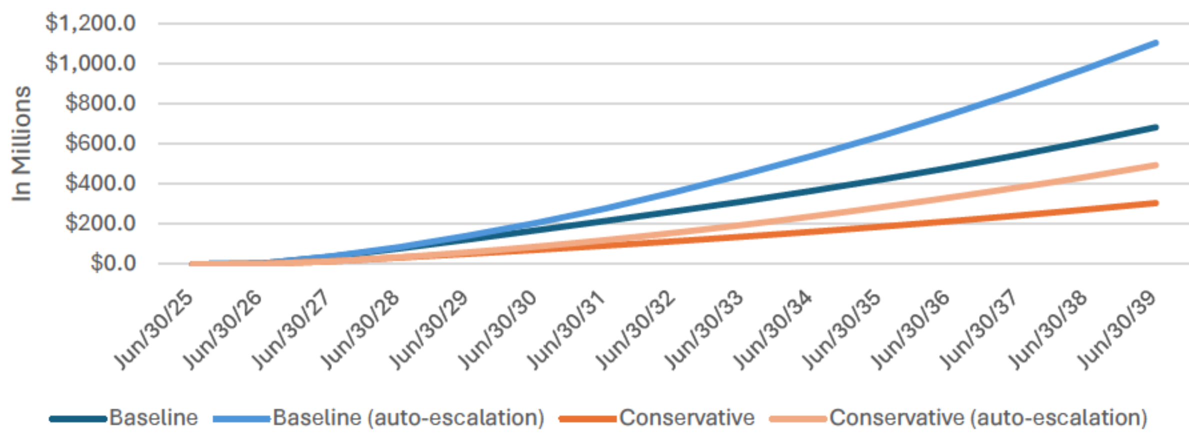
Auto-escalation provides a small early-year increase as higher contributions begin to accumulate gradually, with substantial long-term benefits due to the compounding effect of higher contribution rates.

Conservative scenario:

- **No auto-escalation**: Assets reach $14.3M by FY2027 and grow to $304.5M by FY2039, generating $241,100 in total state revenue in the final year.
- **Auto-escalation**: Assets reach $14.7M by FY2027 and grow to $493.8M by FY2039—also about 60% higher than without the feature. Total state revenue in FY2039 rises to $335,200.

Auto-escalation significantly increases long-term savings and program revenues under both scenarios, with proportional gains of roughly 60% in AUM and asset-based revenue by FY2039. These benefits are more pronounced in absolute terms in the baseline scenario because of its larger participation base, but they are substantial even under the conservative case.

Figure 8: Assets Under Management (No Escalation vs Auto-Escalation)



Alternative Fee Structure—$6 Flat Annual Fee to the State

To evaluate the sensitivity of program finances to the state's flat annual fee assumption, the analysis models an alternative in which the state collects $6 per funded account per year rather than the $4 used in the baseline. All other program parameters—including participation rates, asset accumulation, and administrative costs—remain unchanged. This modification is to the original results and does not include auto-escalation.

Again, participant behavior is assumed to be "sticky" and unchanged by modest fee differences. The higher per-account revenue drives changes in results.

Baseline Scenario:

- **$4 flat fee**: By FY2028, the program generates $191,500 in annual net revenue.
- **$6 flat fee**: Annual net revenue in FY2028 rises to $268,000, a 40% increase.

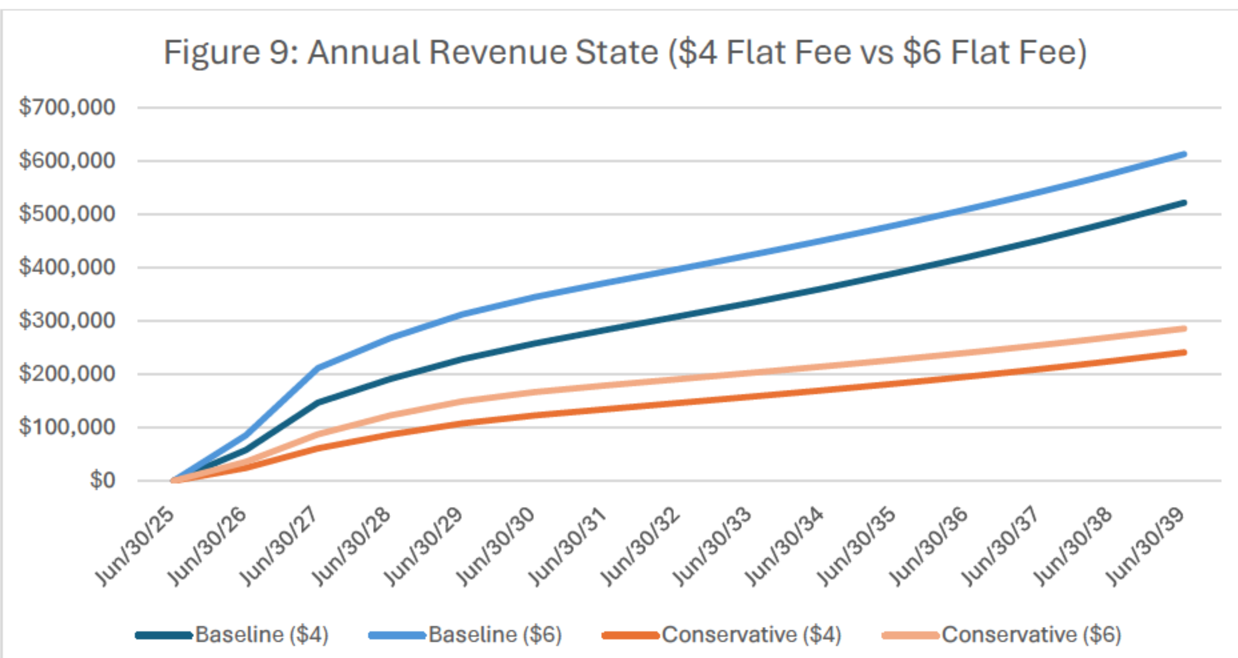
The higher flat fee increases annual revenues by approximately $1.80–$2.70 per account per year over the projection period. It very slightly reduces projected participant assets over the program's lifetime; in unrounded terms, the cumulative impact of the $2 increase is roughly 0.04 percentage points of final-year assets—equivalent to less than two-tenths of one percent of total balances.

Conservative Scenario:

- **$4 flat fee**: Total state revenue in FY2028 reaches $86,800.
- **$6 flat fee**: Total state revenue in FY2028 rises to $122,500, a 41% increase.

Gains are proportionally larger in the conservative scenario because of the smaller participant base—each dollar increase in the flat fee has a greater percentage effect on total revenue.

Increasing the flat fee from $4 to $6 produces incremental revenue gains. For the baseline, the long-term cumulative net position rises by approximately 35%, and for the conservative scenario, by approximately 62%. The revenue boost is mechanically straightforward and may provide more fiscal space for program operations, while the negligible impact on total assets suggests participant outcomes would be essentially unchanged.



Enforcement Alternative—Implementation Beginning July 2028

To assess the potential impact of enforcing employer compliance after the initial rollout period, we modeled an alternative in which program enforcement begins in July 2028. This is in contrast to the baseline assumption of voluntary employer compliance without enforcement actions. Beginning in FY2029, enforcement increases the number of rostered firms by 30% relative to the no-enforcement baseline, which raises both the number of funded accounts and total assets under management (AUM). In turn, this increases annual revenues from both the flat per-account fee and the asset-based fee. All other assumptions—contribution rates, asset returns, and administrative costs—remain unchanged.

Baseline Scenario:

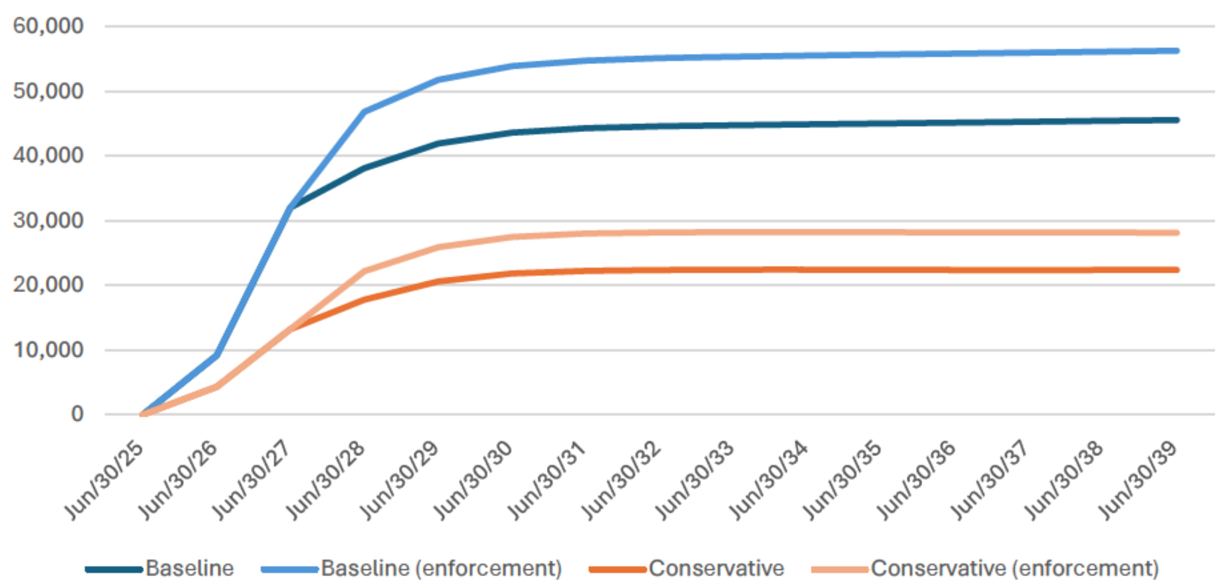
- **No Enforcement:** By FY2039, the program reaches 45,600 funded accounts.
- **Enforcement in FY29:** Enforcement increases the number of funded accounts to 56,300, a 24% increase.

Conservative Scenario:

- **No Enforcement:** By FY2039, the program reaches 22,400 funded accounts
- **Enforcement in FY29:** Additional account registrations to 28,200 in FY2039 accelerate asset growth.

In both scenarios, enforcement of the employer requirement improves the program's funded accounts. The effect is proportionally larger in the conservative scenario because the smaller participant base magnifies the percentage impact of new account growth.

Figure 10: Funded Accounts (No Enforcement vs Active Enforcement starting in FY 29)



Combined Policy Scenario—Auto-Escalation, $6 Flat Annual Fee, and Active Enforcement

This scenario models the simultaneous implementation of the three above alternative program designs:

1. **Auto-Escalation**—Beginning in FY2026, participants' contribution rates increase by 1 percentage point annually from the default 5% until reaching 10%, unless they actively choose a different rate.
2. **$6 Flat Annual Fee to the State**—Replaces the baseline $4 flat annual account fee, generating additional per-account revenue.
3. **Enforcement After Initial Rollout**—Starting in July 2028, enforcement actions increase the number of rostered employers by 30% among those still uncovered, cascading into higher worker coverage and account openings.

All other program assumptions—including investment returns, withdrawal rates, and baseline employer behavior—remain unchanged. The combined effect produces higher contributions per participant and a larger participant base.

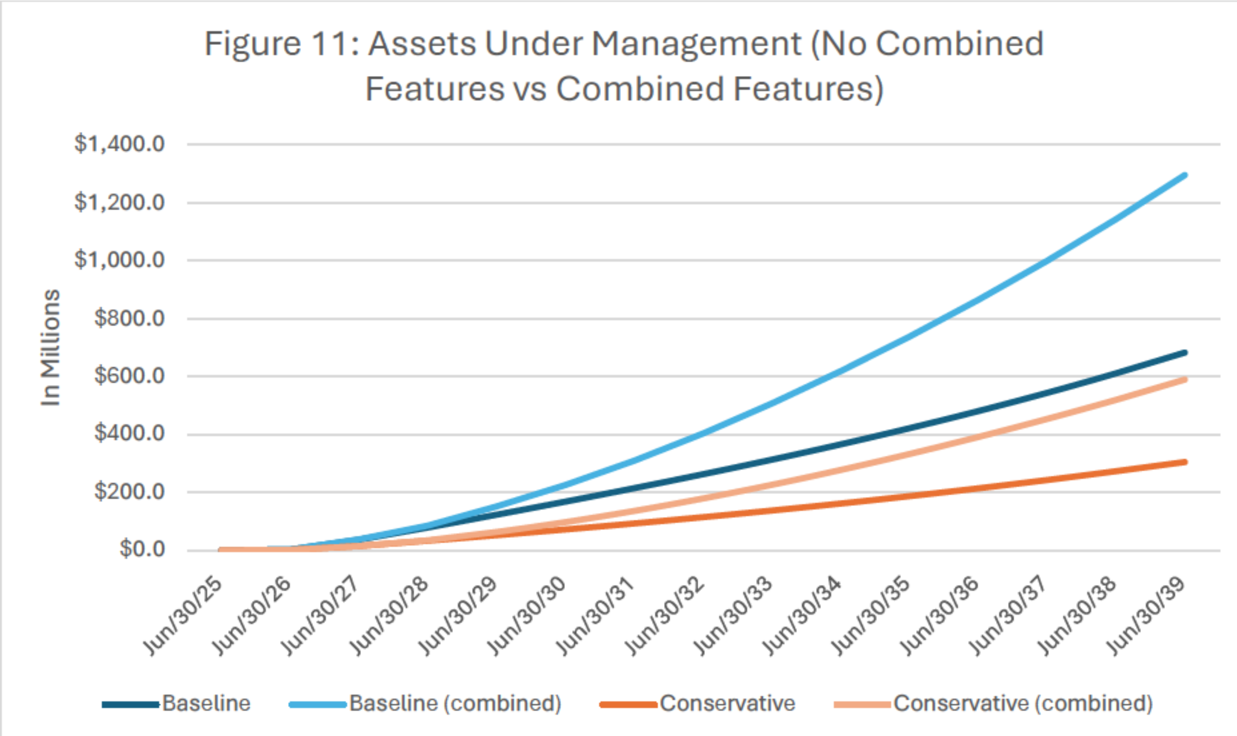
Baseline Scenario:

- **Without Combined Features:** Assets grow from $36.8 million in FY2027 to $682.6 million by FY2039, generating $339,900 in asset-based fee revenue and $182,300 in flat fee revenue in the final year.
- **With Combined Features:** FY2027 assets reach $37.6 million—an early gain reflecting both higher contributions and more funded accounts from enforcement—before accelerating to $1.30 billion by FY2039, about 90% above baseline. Flat fee revenue increases immediately due to the higher rate, while auto-escalation gradually raises assets under management and enforcement boosts funded accounts beginning in FY2029.

Conservative Scenario:

- **Without Combined Features:** Assets increase from $14.3 million in FY2027 to $304.5 million in FY2039, producing $151,600 in asset-based fee revenue and $89,500 in flat fee revenue in the last year.
- **With Combined Features:** Assets grow to $14.7 million by FY2027 and $589.4 million by FY2039—about a 94% increase over baseline at the end of the projection period. Final-year asset-based fee revenue rises to $293,300, and flat fee revenue reaches $168,900. Cumulative net position improves to $2.56 million by FY2039, about 184% higher than baseline.

The combination of auto-escalation, a modest $2 increase in the flat fee, and post-rollout enforcement produces complementary gains: more employers and workers participating, higher average contributions, and greater per-account revenue to offset administrative costs. Together, these measures raise long-term AUM by approximately 90-95%.



Summary and Conclusion

Program Strengths and Market Impact

Hawai‘i's auto-IRA program addresses a critical gap in retirement security through a well-designed, financially feasible mechanism. The modeling demonstrates several key program strengths that position it for successful implementation and meaningful impact.

Beyond direct program participation, the initiative catalyzes broader market improvements by encouraging additional employers to establish their own qualified plans. This secondary effect—potentially covering 42,100 additional workers—amplifies the program's overall impact on retirement security.

With nearly 200,000 eligible workers under the baseline scenario, the program reaches a significant portion of Hawai‘i's workforce currently lacking retirement savings access. Even under conservative assumptions, coverage of nearly 100,000 workers represents meaningful policy impact that will improve retirement security across the state.

Both scenarios project strong early participation, with employer enrollment doubling in the program's second year. This growth trajectory reflects the program's practical design and suggests that the combination of automatic enrollment defaults and employer facilitation effectively overcomes traditional barriers to retirement savings.

Financial Viability and Risk Management

The projections incorporate realistic behavioral assumptions drawn from other state programs, including account-opening failures, contribution irregularities, and worker turnover. This approach builds confidence in projected outcomes while avoiding overstatement of benefits.

The program's financial structure demonstrates careful attention to sustainability and risk management. The fee structure strikes an appropriate balance between administrative expenses and participant value. At 0.29% annually plus $26 per account, fees remain comparable in cost to private sector alternatives available to small businesses—especially as account assets grow—while generating sufficient revenue for program operations and state administrative costs.

Conclusion

The program's design effectively addresses the core challenge of retirement savings access through a market-friendly mechanism that works with existing employer payroll systems and financial institutions. By requiring minimal ongoing state involvement while generating meaningful retirement savings opportunities, the program offers an efficient path to improved retirement security.

Most importantly, the analysis demonstrates that addressing retirement savings gaps need not require large state expenditures significantly above the current financial commitment. Through careful program design and modest participant fees, Hawaiʻi can provide retirement savings access to hundreds of thousands of workers while building a financially robust system that strengthens over time.

The auto-IRA program thus represents both an immediate solution to current retirement security challenges and a foundation for long-term improvements in worker financial well-being across Hawaiʻi.

The Hawaii Retirement Savings Board

The Pew Charitable Trusts

August 19, 2025

Pew

Updated Financial Modeling

Background

In 2021, Pew performed modeling of a proposed retirement savings program as part of a task force report. In summary, the modeling estimated that 130,000 new accounts could be established 15 years after a new program started. Such a program would generate $1.6 billion in assets.

What, if anything, has changed since 2021? How have projections changed?

New External Factors since 2021

- More data: Only 3 states (California, Illinois, and Oregon) were operational but were not fully implemented. Today 12 states have launched.
- Fee structures for state-facilitated retirement programs (SFRPs) have changed.
- The effect of 'Know Your Customer' checks on the pool of eligible workers
- Employers have been adopting their own plans in response to the implementation of SFRPs

Modeling Adjustments since 2021

- Benchmarking the model to state data
- More granular estimate of coverage by employer size
- Withdrawal behavior based on state data
- Job changes ('churn')
- Regularity of contributions vs. any contribution
- Income data by employer size vs. one average income level

State comparisons: workforce and SFRP accounts

	Workforce	Accounts
California	16,032,440	562,100
Illinois	5,533,883	157,500
New Jersey	3,813,702	17,900
Virginia	3,494,956	17,700
Colorado	2,481,196	83,000
Maryland	2,436,501	13,500
Oregon	1,666,806	136,100
Connecticut	1,508,634	32,800
Maine	533,151	15,000
Hawaii	507,390	TBD
Delaware	424,303	6,600
Vermont	254,471	3,600

Data on workforce are taken from the U.S. Census Bureau Statistics on US Businesses; Data on SFRP accounts are from the Georgetown University Center for Retirement Initiatives

Modeling Flow

Start with Employment Population

- Reduce by employees at employer with plan
- (Also: Self-employed, independent contractors, employees ineligible for company plan)

= **Net uncovered employees**

Net uncovered employees

- Reduce by:
  - Employees at employer starting own plan
  - Employer does not finish enrollment or contribution process
  - KYC failures
  - Opt outs
  - Job changes

= **Total Funded Accounts**

Total Funded Accounts

- Reduce by inconsistent savers

= **Regularly funded accounts**

Translate to assets using income data and contribution rate

Further adjustments

- Account withdrawals
- Investment returns
- Fees → State revenue
- Program budget

Modeling Assumptions

2021 Study

Employer coverage: 5+ employees
Not covered by a plan: **approx. 190,000**
Implementation: 2 waves
KYC checks: n/a
Opt out rate: approx. 30%
Job change rate: n/a
Not regularly contributing: n/a
Contributions: 5% escalating to 10%
Withdrawal rate: 6.5% of assets
Investment return: 6%
Fees (next slide)

2025 Baseline

Employer coverage**: 1+ employees**
Not covered by a plan: **196,559**
Implementation: **1 wave**
KYC checks: **25% failure**
Opt out rate: 32%
Yearly job change rate: **9%**
Not regularly contributing: **25%**
Contributions: 5%
Withdrawal rate: 6.5% of assets
Investment return: 6%
Fees (next slide)

2025 Conservative

Employer coverage: **1+ employees**
Not covered by a plan: **99,734**
Implementation: **1 wave**
KYC checks: **40% failure**
Opt out rate: 32%
Yearly job change rate: **9%**
Not regularly contributing: **25%**
Contributions: 5%
Withdrawal rate: 6.5% of assets
Investment return: 6%
Fees (next slide)

Fee schedules

2021 Study

Asset based fees:

- 0.15% total
- 0.05% to HI
- O.10% to investment manager

Account-based fees

- $18 total
- **$10 to HI**
- $8 to plan administrator

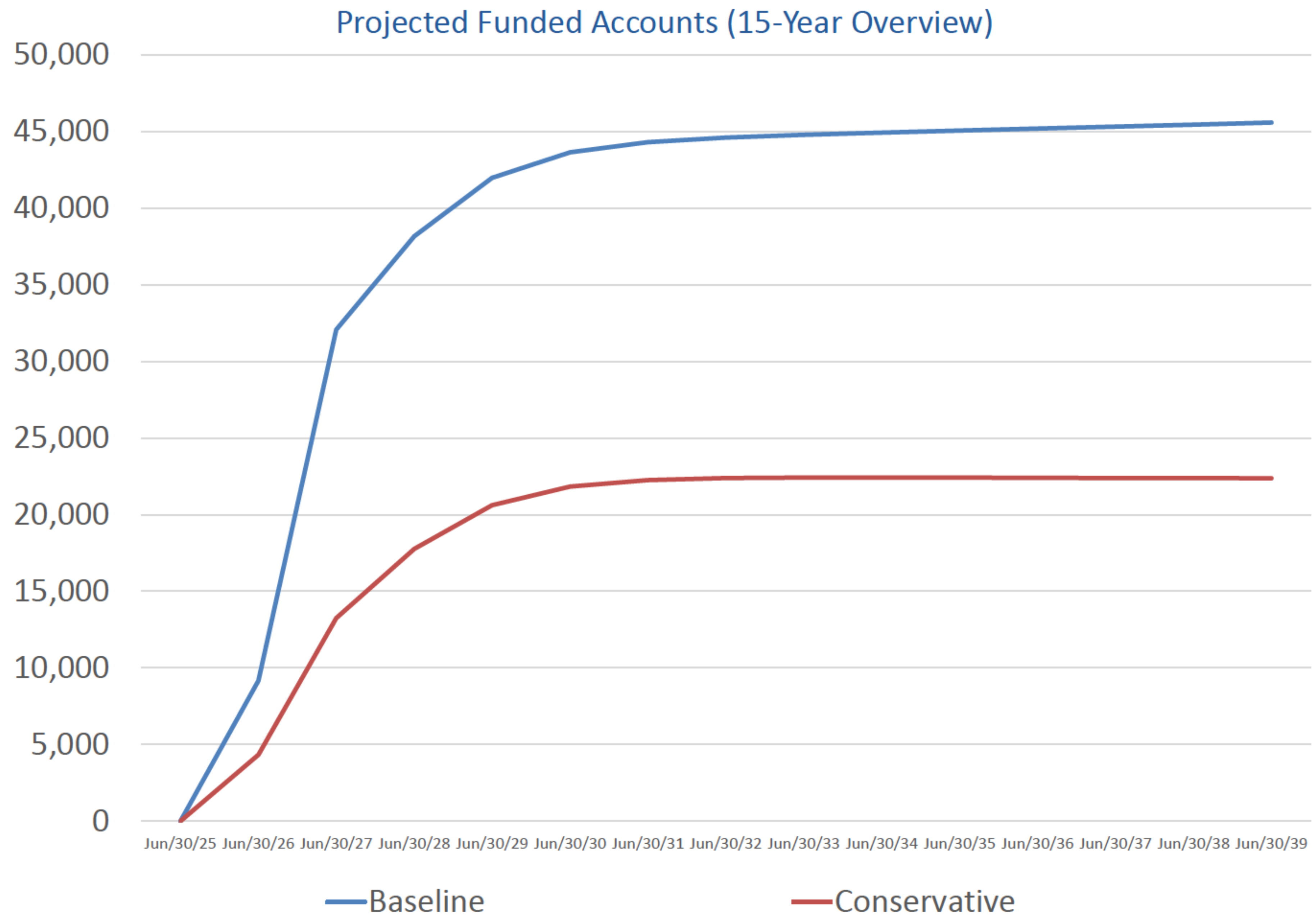
2025 Scenarios

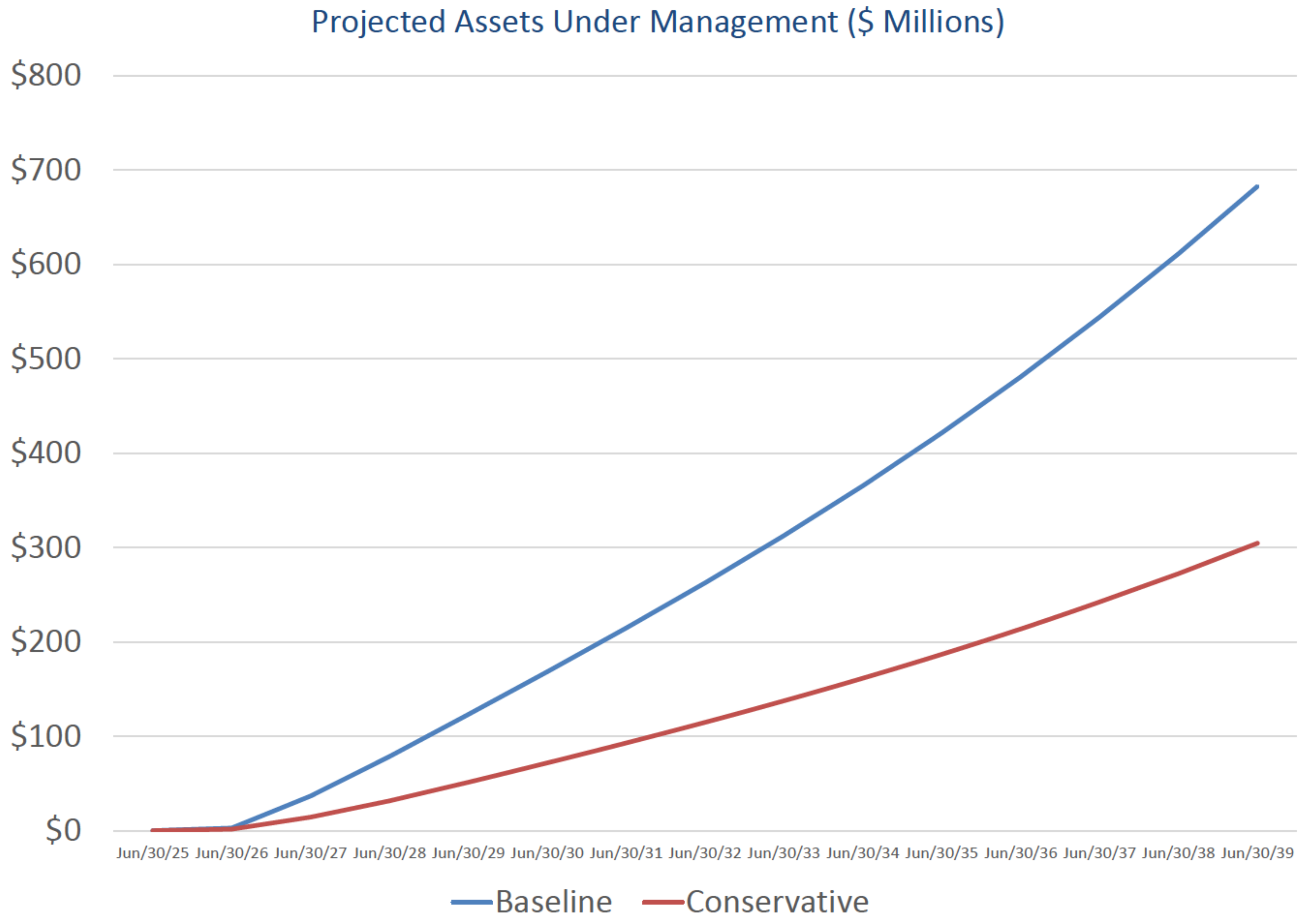
Asset based fees:

- 0.29% total
- 0.05% to HI
- O.09% to investment manager
- 0.15% to plan administrator

Account-based fees

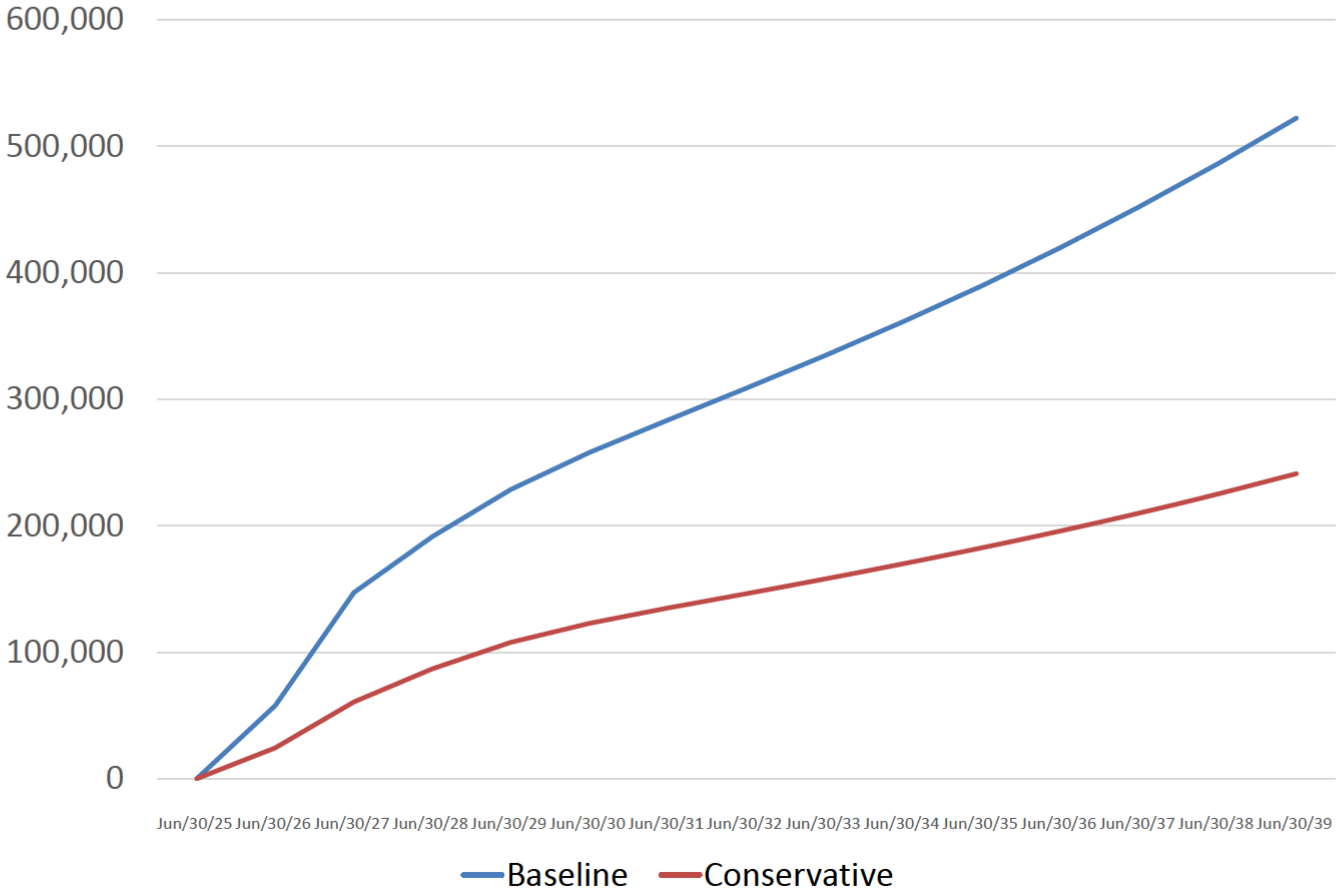
- $26 total
- **$4 to HI**
- $22 to plan administrator


Projected Funded Accounts (15-Year Overview)
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Jun/30/25 Jun/30/26 Jun/30/27 Jun/30/28 Jun/30/29 Jun/30/30 Jun/30/31 Jun/30/32 Jun/30/33 Jun/30/34 Jun/30/35 Jun/30/36 Jun/30/37 Jun/30/38 Jun/30/39
Baseline
Conservative


Projected Assets Under Management ($ Millions)
$800
$700
$600
$500
$400
$300
$200
$100
$0
Jun/30/25 Jun/30/26 Jun/30/27 Jun/30/28 Jun/30/29 Jun/30/30 Jun/30/31 Jun/30/32 Jun/30/33 Jun/30/34 Jun/30/35 Jun/30/36 Jun/30/37 Jun/30/38 Jun/30/39
Baseline
Conservative

Pew

Annual Revenue (State)



Pew

Summary of Results

2021 Study

Funded accounts: 130,000 accounts by year 15

Assets: $1.6 billion by year 15

Revenue: $1.1 million by year 15

2025 Baseline

Funded accounts:

- 32,062 accounts by FY 2027
- 45,581 accounts by FY 2039

Workers at Employers that adopt plans

- 42,066 by FY 2039

Assets:

- $37 million by FY 2027
- $682 million by FY 2039

Revenue:

- $147,031 by FY 2027
- $522,194 by FY 2039

2025 Conservative

Funded accounts:

- 13,239 accounts by FY 2027
- 22,371 accounts by FY 2039

Workers at Employers that adopt plans

- 13,613 by FY 2039

Assets:

- $14 million by FY 2027
- $305 million by FY 2031

Revenue:

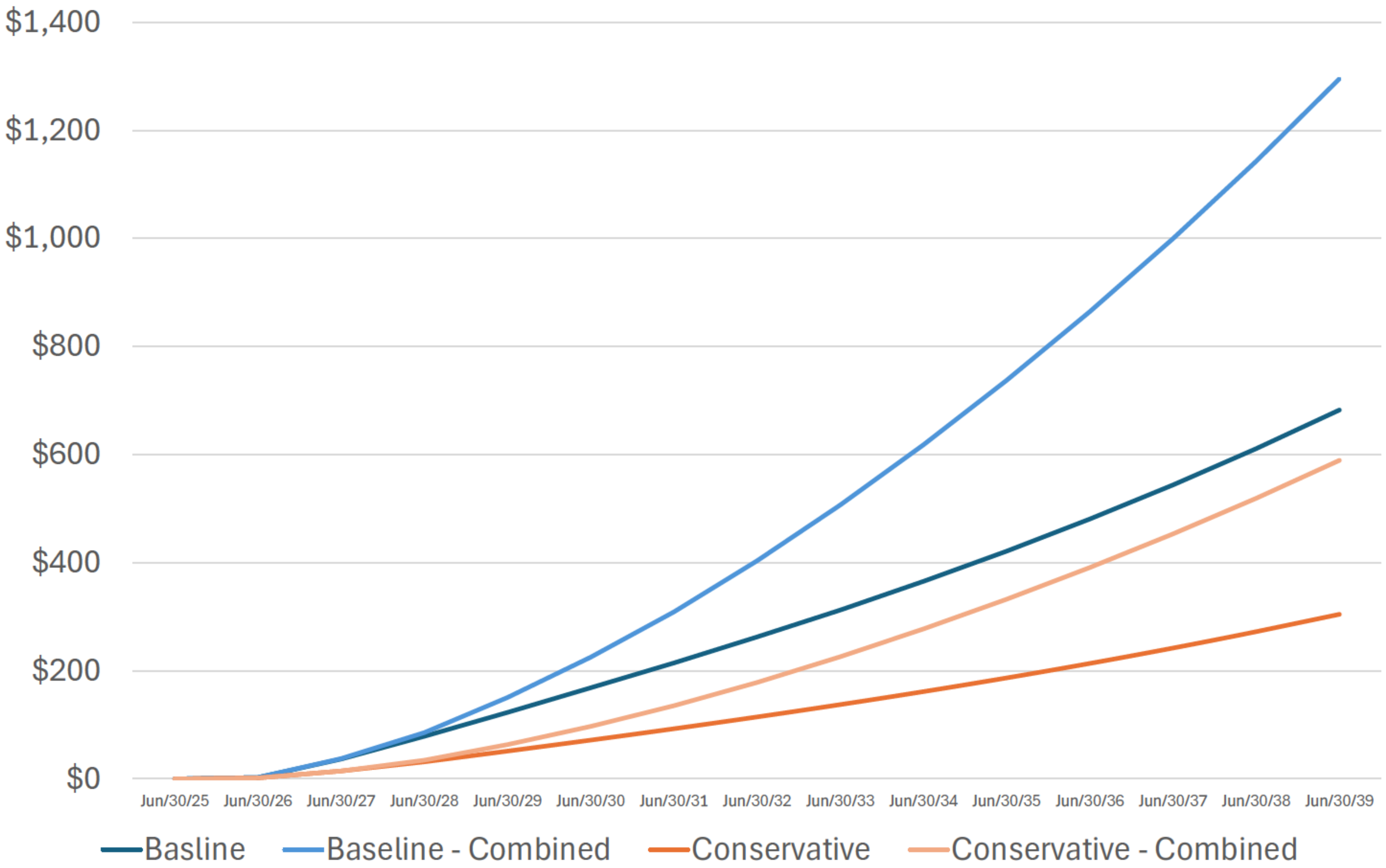
- $60,735 by FY 2027
- $241,082 by FY 2039

Policy Changes

We modeled the impact of different policy changes not included in the prior estimates:

- Contribution escalation: Annual automatic contribution rate increases—commonly known as auto-escalation—to the program's default 5% deferral rate. Participating workers' contribution rates would increase by 1 percentage point each year until reaching 10%, unless they actively choose to remain at a lower (or higher) rate. Auto-escalation has been adopted in several state programs and is intended to help workers gradually increase their retirement savings without requiring repeated action on their part. Result: Approximately 61% increase in assets.
- Fees: To evaluate the sensitivity of program finances to the state's flat annual fee assumption, the analysis models an alternative in which the state collects $6 per funded account per year rather than the $4 used in the prior analysis. Result: 40-41% increase in revenue.
- Compliance: To assess the potential impact of enforcing employer compliance after the initial rollout period, we modeled an alternative in which program enforcement begins in July 2028 Result: 21-24% increase in funded accounts

Combined Policy Changes (Assets in $ Millions)



Pew

Takeaways from modeling work

Updated assumptions, data, and modeling: The last few years have seen many new state programs come on line, which has provided a great deal of data. Not all programs are fully implemented, and change is ongoing within state programs. Moreover, Pew' s model reflects these experiences as well as incorporates more granular assumptions about employers, employees, and program operations.

Program is still effective: Even under more restrictive modeling assumptions, the Hawaii Retirement Savings Program reaches tens of thousands of residents either directly through the program or indirectly via employers adopting their own retirement plans, and many participants would have significant balances over time. Program revenue would represent a significant share of operational expenses.

Program decisions can impact outcomes, and external factors can help: Design matters. But the Board and program administration can impact outcomes via key decisions: e.g., auto-escalation, enforcement, outreach and education, etc. Moreover, the federal saver's match and changes to KYC processes would also positively affect outcomes.

Questions and discussion

Key Board Responsibilities and Decisions

Overview

Fiduciary role (State Attorney General's Office)

Powers and Duties of the Board

Implementation Due Diligence

Preview of Key Decisions

Fiduciary Duties and Board Responsibilities

Where do fiduciary responsibilities come into play?

- Deliberation, planning, and execution of program implementation
- Oversight of administration and investments
- Fees and timely payroll contributions
- Development and review of investment policy and investment lineup
- Transparency: annual audit, annual report

Design, implement, and maintain/administer the Program with the following goals in mind:

- ✓ In accordance with best practices for retirement savings vehicles
- ✓ Encourage participation, saving, sound investment practices, and appropriate selection of default investments
- ✓ Maximize simplicity and ease of administration for employers
- ✓ Minimize costs
- ✓ Portability

Powers and Duties continued:

- ✓ Outreach and education
  - “Develop and implement an **outreach plan** to gain input and disseminate information regarding the program and retirement savings in general”
    - <u>Employers</u>, employees, stakeholders
    - Separate provision in law but relevant here: “Collaborate with and evaluate the role of **financial advisers or other financial professionals**, including in assisting and providing guidance for covered employees”
  - In addition: “The board may develop and disseminate information designed to **educate covered employees** about the impacts of opting into the program on take-home pay, savings strategies, and the benefits of planning and saving for retirement to help covered employees in deciding whether to participate and at what level participation may be appropriate

Powers and Duties continued:

- ✓Determine eligibility standards for employers and employees
- ✓Contracting
- ✓Rule making authority and miscellaneous powers

Implementation Due Diligence

- The board has discretion to determine the implementation timeline
- The board may conduct a detailed implementation and evaluation study prior to program implementation to assess feasibility of the program according to ‘program parameters’ as well as the resources and time needed to implement the program.
- “…the board may determine the level of staffing necessary to implement the program, develop an implementation strategy and timetable, and conduct outreach efforts to potential covered employers and covered employees.”

Implementation: Preview of Key Board Decisions

- Implementation plan and timeline
- RFPs for program consultant, investment consultant, program administrator, investment manager
  - RFI/RFP for state partnerships
- Marketing and education: What needs to be done?
- Standalone program versus participation in multistate consortium
  - What partnerships are available? How do they fit with Hawaii?
  - Related question: What are the intended launch steps and timeline?

Possible Timeline of Board Implementation Steps

August through September 2025

- Review info re: program modeling; other state programs
- Set expectations for decision timing.
- Get questions/inquiries/concerns from Board Members.
- Key decisions include:
  - Partner or standalone program (eg cost/risks/opportunities of either choice);
  - Develop/review implementation plan: intended launch steps and timeline

October through December 2025

- Request and review information from potential state partners: what is offered to HI; what is required of HI; costs; responsibilities and rollout timeline
- RFPs and contracting: Investment and program consultants
- Key decisions:
  - Selection of partner program
  - Initiate agreement process
  - Make decisions related to rulemaking
  - Adjust, if needed, implementation plan

2026

<u>January to March</u>

- Finalize implementation plan.
- Conduct rulemaking activity.
- Solicit pilot employers and begin to engage them.
- With partner, finalize program materials.

<u>April to June</u>

- Promote the HRSP
- Initiate employer pilot program.
- Prepare for full launch and first receipt of funds at/after 7/1/2026.

Key Takeaways

Fiduciary rule: “Always act in the best interest of the participant.” This duty flows through all your deliberations and decisions.

Outreach and education are key to success.

Implementation: Key steps in terms of information gathering and decisions need to be done to get the program off the ground. But these can be done efficiently and feasibly with an eye on launching in 2026.

Pause for questions, discussion

IV. EXECUTIVE DIRECTOR'S REPORT:
A. 2025 ETHICS TRAINING

From: Hawaii State Ethics Commission
To: [redacted]
Subject: Training Outreach - Boards & Commissions
Date: Monday, July 28, 2025 2:51:45 PM
Attachments: Training-New Board Members.pdf
Outlook-5nxdxxhz.png
Outlook-5wv21gsm.png
Outlook-e1ladmpe.png
Outlook-rxrlhro1.png
Outlook-yhyd22cy.png
Outlook-4k5nphkr.png
Outlook-vritcgx3.png

Aloha,

Please remind all board and commission members to complete their mandatory ethics training requirement if they have not done so. Note: Tier 1 boards such as BLNR, UH Board of Regents, etc. are subject to the live ethics training requirement (see website for a list of who is required to take live training). Everyone else can take the self-directed online course.

For new members, ethics training should be done as part of your agency's or board's standard on-boarding process, once they are appointed to serve on your board. See attached checklist for Board Administrators. Please have all new members complete their ethics training and file their initial financial disclosure as soon as possible.

Tracking & Compliance

Some board members may have taken ethics training prior to joining your board. For tracking purposes, board administrators may wish to have the board member show proof of their certificate of completion, to verify that your board members have met their mandatory ethics training requirement.

Please let us know if you have any questions. For more info regarding training resources, go to https://ethics.hawaii.gov/training/.

Mahalo for your assistance!

HAWAII STATE
ETHICS COMMISSION

(808) 587-0460
info.ethics@hawaii.gov
ethics.hawaii.gov
@HawaiiEthics

1001 Bishop St #970
Honolulu, HI 96813

NEW STATE BOARD MEMBERS

Onboarding Process

APPOINTMENT & CONFIRMATION

Board member is appointed to serve on a state board and commission.

MANDATORY ETHICS TRAINING

Complete mandatory ethics training. Go to **ethics.hawaii.gov/training/** to sign up.

LIVE TRAINING - TIER 1 BOARDS

If you serve on a Tier 1 board, you must take a live ethics training course.* Go to **ethics.hawaii.gov/training/** to sign up.

TRAINING CERTIFICATE

Retain training certificate for your records & notify your board administrator.

FINANCIAL DISCLOSURE

File your initial financial disclosure. Go to **ethics.hawaii.gov/file-your-forms/**.

WECOME ABOARD!

Congratulations and thank you for your public service!

*Tier 1 boards: Agribusiness Development Corp., Board of Agriculture, Board of Education, Board of Land & Natural Resources, Commission on Water Resource Management, Hawaiʻi Community Development Authority, Hawaiʻi Housing Finance & Development Corp., Hawaiʻi Public Housing Authority, Public Utilities Commission, Hawaiʻi State Ethics Commission, Hawaiian Homes Commission, Land Use Commission, Legacy Land Conservation Commission, Natural Area Reserves System Commission, NELHA, Stadium Authority, and University of Hawaiʻi Board of Regents.

July 1, 2024

Hawaiʻi State Ethics Commission
(808) 587-0460 • info.ethics@hawaii.gov

HAWAIʻI STATE ETHICS COMMISSION

1001 Bishop Street, Suite 970 | Honolulu, Hawaiʻi 96813 | ethics@hawaiiethics.org | (808) 587-0460 | Twitter: @HawaiiEthics

Mandatory State Ethics Training

Beginning on Jan. 1, 2023, all state legislators, state employees, and members of state boards and commissions are required to take ethics training on a periodic basis. To sign up for a training class, please go to: https://ethics.hawaii.gov/training/

		INITIAL TRAINING	REFRESHER TRAINING	TYPE OF TRAINING
NEW STATE OFFICIALS (as of Jan. 1, 2023)	Legislators, Governor, Lt. Governor, Department heads (directors & deputy directors), BOE members, OHA trustees, & public financial disclosure filers	Within 90 days of taking office	Once every 4 yrs thereafter	Live Zoom training
	All other state employees & state board/ commission members	Within 90 days of taking office	Once every 4 yrs thereafter	Live Zoom training **OR** Online self-directed training program
CURRENT STATE OFFICIALS (as of Jan. 1, 2023)	If you attended ethics training between Jan. 1, 2020 and Jan. 1, 2023	Your initial training requirement has been met!	Once every 4 yrs thereafter	What type of class is required depends on your state position (**see above**)
	If you haven't attended ethics training before, or your last training was prior to Jan. 1, 2020	**Complete training by Jan. 1, 2024**	Once every 4 yrs thereafter	

Which type of ethics training do I need to take?

Under Act 165, only certain state officials are required to take **live** ethics training: elected officials, high-level state employees, members of key state boards and commissions, and any state official who is required to file a public financial disclosure under HRS § 84-17(d) (see below).

Everyone else may take the **online**, self-directed training program.

Who is required to take the LIVE ethics training course?

The following state officials must take a **live** ethics training course (via a videoconference platform such as Zoom or Teams):

Elected Officials: Legislators, Governor, Lt. Governor

Executive Branch: Dept. heads (directors & deputy directors), & Administrative Director of the State

DOE: Superintendent & deputy superintendents

Judiciary: Administrative director & deputy director

OHA: Trustees, CEO & executive mgmt. team

State Library: State Librarian & Special Assistant

UH: President, VPs, Asst. VPs, Provost, & Chancellors

Members of State Boards & Commissions:

Agribusiness Development Corp.
Board of Agriculture
Board of Education
Board of Land & Natural Resources
Commission on Water Resource Management
Hawai‘i Community Development Authority
Hawaiian Homes Commission
Hawai‘i Public Housing Authority
Hawai‘i Public Utilities Commission
Hawai‘i State Ethics Commission
Housing Finance & Development Corp.
Land Use Commission
Legacy Land Conservation Commission
Natural Area Reserves System Commission
Natural Energy Lab. of Hawai‘i Authority
Stadium Authority
UH Board of Regents

I would like to attend one of the upcoming webinars: General Ethics Training, and Ethics for State Board & Commission Members. Can I sign up for either one?

Yes. All trainings will provide a general overview of the State Ethics Code. The primary difference is the type of examples and scenarios used in the training. We also offer a continuing legal education course that is designed for state government attorneys.

I attended ethics training in 2018. Do I need to retake training under the new law?

Yes, you must complete a new training session by **January 1, 2024**. If you attended training within the last three years (between January 2020 and January 2023), then you've met the initial requirement. You won't need to take it again for the next four years.

Are advisory board members subject to this requirement?

No. If you serve on a state task force, committee, or board that is ***purely advisory*** in nature, then you are not subject to the new mandatory training requirements. If in doubt, please ask the Ethics Commission whether the mandatory training law applies to you. You are also welcome to take the online, self-directed training program — it's a great resource!

HAWAI‘I STATE ETHICS COMMISSION
1001 Bishop Street, Suite 970 | Honolulu, Hawai‘i 96813 | ethics@hawaiiethics.org | (808) 587-0460 | Twitter: @HawaiiEthics