Notes and Brief Reports

New Temporary Disability Insurance Law in Hawaii *

On June 30, 1969, the State of Hawaii enacted a program of temporary disability insurance, to be administered by its Department of Labor and Industrial Relations. Hawaii becomes the sixth jurisdiction[1] to provide by law for cash benefits to a worker who becomes sick or disabled while off his job. There had been no legislation in this area in the 19 years between the passage of the New York law and the enactment of Puerto Rico's program in 1968.

Under the new law, protection will be available starting January 1, 1970, to almost 200,000 workers in firms with one or more employees at any time (coverage is the same as under the Hawaiian unemployment insurance program, except that the new program provides protection for agricultural workers on small as well as large farms).

In order to qualify for benefits a worker must have been employed 20 or more hours in each of at least 14 weeks. He must also have had wages of $400 during the 4 completed calendar quarters immediately preceding the first day of disability.

After a 7-day waiting period, a disabled worker will be entitled to a weekly benefit equal to 55 percent of his average weekly wage, with a minimum benefit of $14. A worker whose average wage is less than $25 will receive a benefit equal to his average weekly wage but not more than $14. The weekly benefit amount is also subject to a maximum, determined by the level of the State average weekly wage; weekly earnings above 120 percent of the State average wage are disregarded in computing the benefit. In addition, the weekly benefit may not exceed the maximum benefit payable under workmen's compensation. Benefits will be payable for as many as 26 weeks for each disability but no more than 26 weeks in a benefit year. A claimant who was unemployed immediately before becoming disabled and who was eligible for an unemployment insurance benefit receives the same weekly benefit for the balance of the weeks during which he would have been eligible for an unemployment insurance benefit.

The program will be financed by an employee tax of half the cost but not more than 0.5 percent of weekly wages up to the taxable wage base, and the balance will be paid by employers. Contributions will begin January 1, 1970, but in order to start payments in 1970, a monthly assessment of 0.2 percent of covered wages will be levied on employers from July 1, 1969, through December 31, 1969. The wage base is flexible, to be computed once a year as 120 percent of the State average annual wage in covered employment. A "special fund" is to be established, separate from other public moneys, for receiving all contributions and paying all benefits under the publicly operated program.

All benefits are to be paid from the special fund except that employers may substitute a private insurance plan (including self-insurance) if they furnish benefits at least as favorable as those under the publicly operated program. Adequacy of private plans is to be evaluated by the Director of the Department of Labor and Industrial Relations with respect to waiting-period requirements, duration of benefits, and percentage of wage loss replaced.

* Prepared in the Division of Economic and Long-Range Studies, Interprogram Studies Branch.

[1] The other jurisdictions are California, New Jersey, New York, Puerto Rico, and Rhode Island.

Funding Under Private Pension Plans *

A grant from the Social Security Administration to the Pension Research Council of the Wharton School of Finance and Commerce (University of Pennsylvania) has supported a study[1] that is part of an attempt to measure the capabilities and limitations of the private pension mechanism. The specific goal of this study is to

* Prepared in the Publications Staff, Office of Research and Statistics, by Nancy Crisman.

[1] Frank L. Griffin, Jr., and Charles L. Trowbridge, *Status of Funding under Private Pension Plans* (Richard D. Irwin, Inc., for the Pension Research Council, Wharton School of Finance and Commerce, University of Pennsylvania), 1969. Inquiries concerning the report should be addressed to the authors at Wharton School of Finance and Commerce, Philadelphia, Pa.