## MAINE STATE LEGISLATURE

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1 2	SECOND REGULAR SESSION
3 4	ONE HUNDRED AND TENTH LEGISLATURE
5 6	Legislative Document No. 1924
7	H. P. 1953 House of Representatives, February 4, 1982 Filed by the Joint Standing Committee on Aging, Retirement and Veterans under Joint Rule 18. Approved by the Legislative Council June 4, 1981.
8	Reported by Representative Hickey from the Committee on Aging, Retirement and Veterans and 1,500 ordered printed under Joint Rules
	No. 18. EDWIN H. PERT, Clerk
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10 11	STATE OF MAINE
12 13 14	IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-TWO
15 16 17 18	AN ACT to Establish Procedures for With- drawal of Participating Local Districts from the Maine State Retirement System.
19	Be it enacted by the People of the State of Maine as follows:
20	5 MRSA §1034 is enacted to read:
21	§1034. Withdrawal of local districts
22 23 24	1. Withdrawal authorized. Any participating local district may withdraw from further participation in the system upon the terms and conditions of this section.
25 26 27 28 29 30 31 32	2. Procedure. The withdrawal may be accomplished by a majority vote of the executive body or, for a town which has a town meeting form of government, by the voters of the town at a town meeting. The executive body of the district, or its designee, shall certify the results of the vote to the trustees of the system. The withdrawal shall become effective on the last day of the month following the month in which the certified notice is received by the trustees.

3. Certain withdrawal of contributions authorized. Any employee of the district who has made contributions to the system may withdraw the contributions in the manner provided by section 1096.

- 4. Effect of withdrawal. Withdrawal from the system shall have the following effect.
  - A. Any employee of the agency who withdraws his contribution or any person who begins employment after the effective date of withdrawal of the entity from the system may not be a participant in the Maine State Retirement System as an employee of the same entity.
  - The district shall continue to be a participating local district for those former employees who are receiving retirement allowances or who are eligible retirement benefits and all employees who have not withdrawn their contributions from the system. entity which has withdrawn from the system, in the manner provided by this section, may amend the provisions of its retirement plan, except as provided in subsec-For the purposes of this section, tion 5. employees remaining in the system are subject to this chapter.
- 5. Amendments in the retirement plan. The provisions of any amendments to this chapter which take effect subsequent to the effective date of withdrawal of a participating local district may be accepted by that district for those employees who have remained in the system.

## STATEMENT OF FACT

During the last several years, several participating local districts have sought to withdraw from membership in the Maine State Retirement System. Presently, this can only be accomplished by private and special legislation for each district that desires to withdraw. It appears that these requests for withdrawal from the system will continue in the future. Accordingly, the Joint Standing Committee on Aging, Retirement and Veterans studied the possibility of providing a standardized statutory procedure for the withdrawal of districts from the retirement system. The committee concluded that it was not necessary to require private and special legislation for each withdrawal if certain guidelines were met. This legislation is the result and the report of the committee's study.

1 The statutory procedures established by this bill are 2 as follows:

- Withdrawal is accomplished by a majority vote of the executive body of the district or at a town meeting;
- 5 2. Current employees who withdraw their contributions 6 from the system may not rejoin the system through that 7 employer;
- 3. Current employees who do not withdraw their member-9 ship must be allowed to remain in the system;
  - New employees may not join the system;

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- 5. The employer must participate in the system to the extent necessary to continue to provide retirement benefits for current retirees and to maintain the retirement plan for those employees who wish to retain their membership in the system; and
- 16 6. The retirement plan in effect at the date of with-17 drawal for those employees who retain their membership may 18 only be amended to the extent that future changes are made 19 in the retirement statutes.

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