

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 900

S.P. 389

In Senate, March 11, 2025

An Act to Protect State Retiree Pensions from Inflation

Received by the Secretary of the Senate on March 5, 2025. Referred to the Committee on Labor pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator BALDACCI of Penobscot.
Cosponsored by Senator: BEEBE-CENTER of Knox.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 5 MRSA §17806, sub-§1, ¶A**, as amended by PL 2021, c. 635, Pt. NN, §1,
3 is further amended to read:

4 A. Except as provided in paragraphs A-1, A-2 ~~and~~ A-3 ~~and~~ A-4, whenever there is a
5 percentage increase in the Consumer Price Index from July 1st to June 30th, the board
6 shall automatically make an equal percentage increase in retirement benefits, beginning
7 in September, up to a maximum annual increase of 3%. Beginning July 1, 2028,
8 whenever there is a percentage increase in the Consumer Price Index from July 1st to
9 June 30th, the board shall automatically make an equal percentage increase in
10 retirement benefits, beginning in September, up to a maximum annual increase of 5%.
11 Effective July 1, 2011, the increase applies to that portion of the retirement benefit up
12 to \$20,000, ~~which~~ and that amount must be indexed in subsequent years by the same
13 percentage adjustments granted under this section. Effective July 1, 2022, the increase
14 applies to that portion of the retirement benefit up to \$24,186.25, which and that
15 amount must be indexed in subsequent years by the same percentage adjustments
16 granted under this section. Effective July 1, 2026, the increase applies to that portion
17 of the retirement benefit up to \$40,000. Effective July 1, 2028, the increase applies to
18 that portion of the retirement benefit up to \$50,000, and that amount must be indexed
19 in subsequent years by the same percentage adjustments granted under this section.

20 **Sec. 2. 5 MRSA §17806, sub-§1, ¶A-4** is enacted to read:

21 A-4. For cost-of-living adjustments awarded in fiscal year 2026-27 only, whenever
22 there is a percentage increase in the Consumer Price Index from July 1st to June 30th,
23 the board shall automatically make an equal percentage increase in retirement benefits,
24 beginning in September, up to a maximum annual increase of 4%. The increase applies
25 to that portion of the retirement benefit that would otherwise be subject to an increase
26 under paragraph A.

27 SUMMARY

28 This bill provides that for fiscal year 2026-27, the Board of Trustees of the Maine
29 Public Employees Retirement System, whenever there is a percentage increase in the
30 Consumer Price Index from July 1st to June 30th, must automatically make an equal
31 percentage increase in retirement benefits up to a maximum annual increase of 4%.
32 Beginning in fiscal year 2028-29, the board must automatically make an equal percentage
33 increase up to a maximum annual increase of 5%. The bill provides that, effective July 1,
34 2026, cost-of-living increases for retired state employees and teachers and their
35 beneficiaries apply to the first \$40,000 of the retirement benefit. Effective July 1, 2028, the
36 cost-of-living increases for retired state employees and teachers and their beneficiaries
37 apply to the first \$50,000 of the retirement benefit and must be increased in subsequent
38 years by the same percentage adjustment.