

MAINE STATE LEGISLATURE

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Philip R. Gingrow, Asst. Ex. Director

Maine State Retirement System

Donald G. Alexander, Assistant

Attorney General

Additional Contributions by Members of the Maine State Retirement System

You ask several questions in regard to interpretation of P.L. 1975 chap. 622 § 17 amending 5 M.R.S.A. § 1062-2-C:

1. Does § 17 require that the maximum 10% limitation on additional contributions be applied to the earnable compensation of a member for the particular pay period or periods during which he is making such additional contributions?

2. Should the 10% be applied to the aggregate of the member's earnable compensation for the entire time that he is employed and is a member of the Retirement System?

The statute allows the member to make the contributions in particular pay periods. Those contributions should be based on his earnable compensation in those pay periods. As the statute implies some discretion and choice remaining with the state employee, it would not be proper to assume that the rate that the employee chooses to be deducted for extra retirement allowances must be fixed at one time and then based on his earnable compensation over the entire duration of his employment. Rather the employee's additional benefits should be calculated depending upon the amount that the employee contributes in total over that amount which was required to receive the regular benefits.

The periods during which these increased contributions may be made can be regulated by the Board of Trustees as provided in § 17 so that members cannot constantly change contribution levels and stop and start additional contributions in such a manner as to cause administrative problems. Members could be required by regulation to elect to make the additional contribution at a specified rate for a certain length of time and not change the contribution within that time.

3. Does the provision relating to Rules and Regulations require that the Board of Trustees of the Maine State Retirement System make such a determination?

This is answered by the discussion of questions 1 and 2 above indicating the intent of the statute that some discretion be left with employees and that the rate of additional earnable compensation to be deducted, within the 10% maximum, be based on earnable compensation during the pay periods in which it is deducted.

4. If under the present statute a member is making additional contributions by means of an increased rate of contribution, may he be allowed to continue such additional contribution even though it would be in excess of the 10% limitation which goes into effect January 1, 1976? The answer is No.

The provision allowing the Retirement System to accept such additional contributions in excess of the 10% level is repealed, except as to certain employees under special circumstances in § 1094 sub-§12-B and 14. Therefore there is no longer authority for the Board to accept such higher contributions. Nor is there authority for the Board to accept single payments in the future. However, single payments accepted in the past are rights which have become vested in the employee making the contribution. Levels of benefits for those employees should be calculated with regard to the contribution from the single payment and without regard to the 10% limitation or any other limitations adopted by § 17 of chapter 622.

DGA/mf

Donald G. Alexander