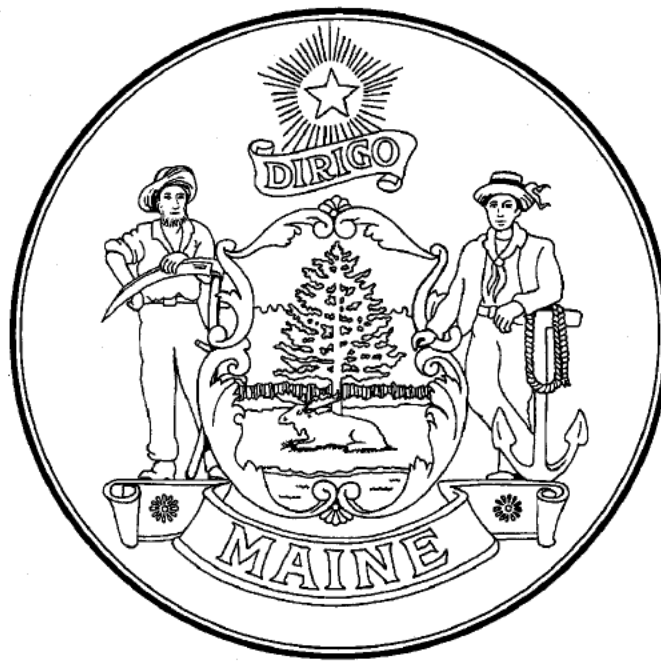


MAINE STATE LEGISLATURE

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STATE OF MAINE

Inter-Departmental Memorandum Date June 28, 1976

To P. R. Gingrow, Ass't. Director Dept. Maine State Retirement System


From Donald G. Alexander, Deputy Dept. Attorney General

Subject Computation of retirement allowance for members under special plan

This memorandum is in further response to your memorandum of April 28, 1976, where you ask advice as to how to compute the retirement allowance for members under the special plan. With enactment of Part I of L.D. 2361 (the appropriations legislation), all of the so-called grandfather clauses applying to the special plan are now essentially alike. The difficulty with the State Police has been removed. Accordingly, this opinion is directed toward the State Police provisions. It applies equally, however, to the other special plan provisions, except that some dates may be different (1977 instead of 1976). See P.L. 1975, c. 742, § 4. The particular question you raise is how to compute, and when to use the so-called 2% add-on as provided in P.L. 1975, c. 770, § 23, and other similar sections. Rather than comment on your proposal, I would advise what in my view would constitute a proper interpretation of the law applying the 2% add-on provision.

For employees who actually retire on July 1, 1976, the employee would appear to have a simple election. On the one hand the employee could select the retirement benefits in effect on July 1, 1976, which would include 20 years computed at the average final compensation rate plus the 2% add-on for each additional year of creditable service, also computed according to average final compensation. Alternatively, the employee could elect to receive a retirement allowance under the provisions which applied immediately prior to July 1, 1976, which is the retirement allowance computed according to current annual salary but without any 2% add-on.

For employees retiring after July 1, 1976, for example, employees retiring on July 1, 1977, retirement benefits would have to be computed according to the pro-rating methods suggested in W. G. Blodgett's memorandum of April 13, 1976, and May 12, 1976.


DONALD G. ALEXANDER
Deputy Attorney General

DGA/ec

cc: W. G. Blodgett, Retirement System
John Hull, Legislative Staff