

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

ONE HUNDRED AND SECOND LEGISLATURE

Legislative Document

No. 675

S. P. 216

In Senate, January 27, 1965

Referred to the Committee on Retirements and Pensions, sent down for concurrence and ordered printed.

EDWIN H. PERT, Secretary

Presented by Senator Boisvert of Androscoggin.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-FIVE

AN ACT Providing for Cost of Living Plan for Retired State Employees.

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

Sec. 1. Cost of living plan for retired state employees. Adjustments in the retirement allowances being paid to former state employees shall be made in accordance with the following tabulation and shall become effective on the first day of the month following the effective date of this Act.

State Employees Whose Latest Retirement Allowance Became Effective on	Retirement Allowances Shall be Increased by:
March 5, 1951 and prior	48%
March 6, 1951 through May 8, 1953	40%
May 9, 1953 through October 11, 1954	35%
October 12, 1954 through June 22, 1957	30%
June 23, 1957 through June 23, 1958	24%
June 24, 1958 through December 28, 1959	19%
December 29, 1959 through July 1, 1961	13%
July 2, 1961 through December 31, 1963	7%
January 1, 1964 and subsequent:	

On any or all future general adjustments in state salaries made to active state employees the same percent increase or decrease shall be applied to all retired state employees and the effective date shall be the first day of the month following the effective date of the active employees' adjustment.

The cost of said adjustments shall be determined by the Board of Trustees of the Maine State Retirement System and shall be included in their budget requests.

Participating local districts may provide for adjustments in retirement allowances being paid to their former employees by application to the Board of Trustees supplying therein the necessary information. Upon acceptance of such a plan said district shall supply a certified copy of its action and a statement of agreement of payment of costs.

Sec. 2. Appropriation. There is appropriated from the General Fund to the Maine State Retirement System the sum of \$39,588 for the fiscal year ending June 30, 1966 and the sum of \$39,588 for the fiscal year ending June 30, 1967 to carry out the purposes of this Act.

STATEMENT OF FACTS

The Maine State Legislature has been alert to the problems of inflation by granting periodic increases to state employees over the past decade. These cost of living increases have amounted to approximately a 50% raise in salaries, since 1951. In addition, past Legislatures have recognized weaknesses in pension allowances by enacting laws to correct inequities in pensions to other groups within the Maine State Retirement System. To date, the retired state employee has not received similar consideration.

However, pensions granted in past years to retired state employees have not been adjusted to conform with the increases in the cost of living. Many of the retired state employees have served the State long and faithfully and are deserving of consideration. Inadequate pensions, based on outdated salaries, do not allow the pensioner even a minimum standard of living.

The feasibility of a cost-of-living plan for retired workers has been positively established. Acceptance of varied programs throughout North America has proved this to be so. To cite one example—The Federal Government has approximately 2 and $\frac{1}{4}$ million employees who are participating in such a plan.

The cost of financing this proposal is estimated by the State's actuary to be \$486,780 for the next biennium. However, this amount should be amortized over the same period of time as the adjustments are made. This would require an annual appropriation of \$39,588 to be paid over a period of 15 years, or \$79,176 for a biennium.

Bringing this matter to the attention of the Legislature is long overdue and it is hoped this Legislature will give the same careful thought and study to the pensioners' problem as the Legislatures have in the past to the inflationary problems of the active worker.