

MAINE STATE LEGISLATURE

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(New Title)
NEW DRAFT OF: S. P. 216; L. D. 675

ONE HUNDRED AND SECOND LEGISLATURE

Legislative Document

No. 1509

S. P. 530

In Senate, May 4, 1965

Reported by Senator Chisholm of Cumberland, from Committee on Retirement and Pensions. Printed under Joint Rules No. 10.

EDWIN H. PERT, Secretary

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, Teachers and Participating District Employees, or Beneficiaries of Same.

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

Sec. 1. R. S., T. 5, § 1062, sub-§ 1, amended. Subsection 1 of section 1062 of Title 5 of the Revised Statutes is amended to read as follows:

'1. **Funds.** All of the assets of the retirement system shall be credited, according to the purpose for which they are held, among ~~4~~ **5** funds, namely, the Members' Contribution Fund, the Retirement Allowance Fund, the Expense Fund ~~and~~, the Survivors' Benefit Fund **and the Retirement Allowance Adjustment Fund.'**

Sec. 2. R. S., T. 5, § 1062, sub-§ 7, additional. Section 1062 of Title 5 of the Revised Statutes is amended by adding a new subsection 7, to read as follows:

'7. **Retirement Allowance Adjustment Fund.**

A. The Retirement Allowance Adjustment Fund shall be the fund in which shall be accumulated all reserves required for the payment of adjustments as provided under section 1128.

B. Each member shall contribute at the rate of no more than $\frac{1}{2}$ of 1% of his salary to the Retirement Allowance Adjustment Fund and such contribution shall be reported and held separately from contributions made to any of the funds to which members make contributions,

(1) Except that any member who, at the effective date of this Act, is required to contribute to the Members' Contribution Fund at a rate higher

than 5% shall be exempted from making contributions to the Retirement Allowance Adjustment Fund but shall be entitled to such benefits that may accrue.

Anything to the contrary notwithstanding, contributions to the Retirement Allowance Adjustment Fund shall not be refunded to the member.

C. Once each year the actuary shall determine the amounts that have been expended to meet the costs of any adjustments made to retired persons and shall transfer such amounts to the Retirement Allowance Fund. At any time that the present value of the future liability does not exceed the present value of contributions, the actuary shall determine the amount that is necessary to place the fund in proper position and the board of trustees shall submit budget estimates to the State Budget Officer in accordance with section 1665. Should the actuary determine that this fund is larger than necessary to meet obligations, the board of trustees shall have the right to reduce the rate of contribution. The board of trustees shall also have the right to increase the rate of contribution after a reduction has been made but shall not increase said rate to more than $\frac{1}{2}$ of 1%.

D. Any participating local district may elect to accept the provisions of section 1128 and may require its members to make the $\frac{1}{2}$ of 1% contribution, but may assume the obligation if desired.

Sec. 3. R. S., T. 5, § 1095, amended. Section 1095 of Title 5 of the Revised Statutes is amended by adding at the end, a new paragraph, as follows:

'Each member shall, as soon after July 1, 1965 as the board of trustees determines is practicable, make a contribution of no more than $\frac{1}{2}$ of 1% of earnable compensation to the Retirement Allowance Adjustment Fund as long as he is employed.'

Sec. 4. R. S., T. 5, § 1128, additional. Title 5 of the Revised Statutes is amended by adding a new section 1128, to read as follows:

§ 1128. Cost of living plan for retired persons

Adjustments in the retirement allowances being paid to former state employees, teachers or beneficiaries of either 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, Teachers or Beneficiaries of Either Whose Original Retirement Allowance or Latest Adjusted 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, teachers or beneficiaries of either 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 adjustment shall be determined by the Board of Trustees of the Maine State Retirement System and shall be included in their budget requests, if necessary.

Participating local districts may provide for adjustments in retirement allowances being paid to their former employees or beneficiaries 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.'