

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 807

H. P. 666

House of Representatives, March 8, 1977

On motion of Mr. Theriault of Rumford, referred to Committee on Veterans and Retirement. Sent up for concurrence and 1,800 ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Laffin of Westbrook.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT to Base Adjustments of Teacher and State Employee Retirement Allowances on the Consumer Price Index.

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

Sec. 1. 5 MRSA § 1001, sub-§ 6-A, is enacted to read:

6-A. Consumer Price Index. "Consumer Price Index" shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: United State City Average, All items, 1967=100, as compiled by the Bureau of Labor Statistics, United State Department of Labor; or, if the index is revised or superseded, the Consumer Price Index shall be the index represented by the Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power of the dollar for consumers.

Sec. 2. 5 MRSA § 1124, sub-§ 4, 1st ¶, as enacted by PL 1975, c. 622, § 55, is repealed and the following enacted in its place:

At any time that a retirement allowance adjustment is made for state retirees, the same percentage increase shall be applied to the payments made under subsection 1, paragraph B. All adjustments shall become effective on the same day as the retirees' allowance adjustments.

Sec. 3. 5 MRSA § 1128, 2nd ¶, as enacted by PL 1965, c. 337, § 4, is repealed and the following enacted in its place:

Future general adjustments may be made to retirement allowances for all retired state employees, teachers or beneficiaries of either, by the board of trustees, whenever the Consumer Price Index increases by a cumulative 3% for 3 consecutive months measured against the price index as of the effective

date of this Act, or against the price index for the last month in which such an adjustment is made, whichever is later. The board of trustees shall only make a general adjustment in retirement allowances, when, after consultation with the actuary, they find the adjustment shall not endanger the solvency of the Retirement System nor materially alter the actuarial assumptions so as to increase state contributions. Each such adjustment, when made by the board of trustees, shall be equal to the change in the index since the last adjustment to the nearest $1/10$ of 1% and shall become effective on the first day of the 3rd month after such change in the index is determined.

Sec. 4. Applicability. This Act shall apply to all participating local districts which have elected the cost-of-living increase provisions of Title 5, sections 1124 and 1128.

Sec. 5. Effective date. This Act shall take effect 90 days after adjournment of the Legislature, or one day after the effective date of an Act, if any, that makes a general adjustment in state salaries for active state employees under the State Retirement System, whichever is later.

STATEMENT OF FACT

This bill changes the method of determining cost-of-living increases in retirement allowances. Under this bill such cost-of-living increases in allowances would automatically follow the Consumer Price Index rather than accruing the cost-of-living adjustments which parallel those granted to active state employees. The Consumer Price Index is the basic index compiled by the United States Government that measures changes in the purchasing power of the consumer's dollar. There will be no state funds required for this bill. All costs will be assumed by the State Retirement Funds as authorized by law and the provisions of section 3 of this Act.