

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1075

S. P. 317

In Senate, March 23, 1977

Referred to the Committee on Veterans and Retirement. Sent down for concurrence and 2,000 ordered printed.

MAY M. ROSS, Secretary

Presented by Senator Speers of Kennebec.

Cosponsors: Senator Snowe of Androscoggin and Senator Conley of Cumberland.

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 States 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as compiled by the Bureau of Labor Statistics, United State Department of Labor; or, if the index is revised or superseded, the Consumer Price Index shall be the index represented by the Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power of the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Sec. 2. 5 MRSA § 1124, sub-§ 4, 1st ¶, as enacted by PL 1975, c. 622, § 55, is repealed and the following enacted in its place: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 such retirees' allowance adjustments. Participating local districts may provide such adjustments in the survivor benefits provisions of subsection 1, paragraph B, by application to the board of trustees and shall supply a certified copy of its action with a statement of agreement of payment of costs.

Sec. 3. 5 MRSA § 1128, 2nd ¶, as enacted by PL 1965, c. 337, § 4, is repealed and the following enacted in its place:

Any increase in the Consumer Price Index from January through June, would be reflected annually in an equal percentage increase in the retirement allowances beginning in September, and the increase in the Consumer Price Index from July through December would be reflected annually in an equal percentage increase in the retirement allowances beginning in March. The board of trustees shall only make a general adjustment in retirement allowances, when, after consultation with the actuary of the Maine State Retirement System, they find the adjustment shall not endanger the solvency of the Retirement Fund nor materially alter the actuarial assumptions so as to increase state contributions. However, should the actuary indicate that a retirement allowance adjustment could endanger the solvency of the Retirement Fund, the adjustment shall not be made without the prior approval of the Legislature.

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. Retroactivity. The retirement allowance adjustments under this Act shall be retroactive to July 1, 1976.

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 reflect the changes in 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 bill.