

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1103

S. P. 355

In Senate, March 9, 1979

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

Presented by Senator Trafton of Androscoggin.

MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Revise the Method of Accounting for the Restriction on Additional Compensation for Retirees under the Maine State Retirement System.

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

5 MRSA § 1123, 3rd sentence, as amended by PL 1971, c. 595 § 1, is repealed and the following enacted in its place:

Should any recipient of benefits other than disability benefits be restored to service, and should the total of his monthly retirement allowance for any year and his total earnable compensation for that year exceed his average final compensation at retirement, the excess shall be deducted from the service retirement allowance payments during the next calendar year, those deductions to be prorated on a monthly basis in an equitable manner prescribed by the board of trustees over the year or part thereof for which benefits are received. The beneficiary shall be responsible for reimbursing the Maine State Retirement System for any excess payments not so deducted. If the beneficiary's retirement allowance payments are thereby eliminated, he shall again become a member of the retirement system and he shall contribute thereafter at the current rate and when that member subsequently again retires, he shall receive such combined benefits as may be computed on his entire creditable service and in accordance with the then existing law.

STATEMENT OF FACT

Retirees who return to state service may now earn an amount equal to the difference between their average final compensation and their retirement benefits. Any earnings beyond that amount will require a reduction in retirement benefits. This earning capacity is calculated on a monthly basis. Retired teachers who substitute teach are only able to accumulate earnings on a monthly basis before their retirement benefits are reduced. Excess earnings during the regular school year reduce their retirement benefits for those months. If they could apply those excess earnings to the summer months when they are not substitute teaching and are not earning additional income, they would not lose as much, if any, retirement benefits. This bill will change the computation period from monthly to yearly and allow them to calculate their excess earnings on an annual basis. This will more realistically reflect the fact that the bulk of the teachers additional income is earned in a 9 month time period.