

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 694

S. P. 239

In Senate, February 6, 1981

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

MAY M. ROSS, Secretary of the Senate

Presented by Senator Pierce of Kennebec.

Cosponsor: Senator Conley of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

**AN ACT to Provide Cost-of-Living Adjustments to Retirement Allowances under the Maine State Retirement System to Parallel Those Granted to Active State Employees.**

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

5 MRSA § 1128, as last amended by PL 1979, c. 663, § 19, is repealed and the following enacted in its place:

**§ 1128. Cost-of-living plan for retired persons**

**1. Adjustments.** Adjustments in the retirement allowances being paid to retired state employees, teachers or beneficiaries of either shall be made as follows.

On any or all future general adjustments in state salaries made to active state employees, the average percent increase or decrease shall be applied to all retired state employees, teachers, or beneficiaries of either, and the effective date shall be on the September 1st, following the effective date of the active employees' adjustment.

The percentage increase or decrease shall be based on the monetary increase or decrease, plus the monetary value of all new fringe benefits granted, such as life insurance, health insurance, uniforms, board and room, to the several levels of active state employees.

The consumption to determine the average percentage increase or decrease shall be made during the 3rd quarter of the calendar year, based on the fiscal year completed June 30, by the Commissioner of Personnel and reported promptly to the Board of Trustees of the Retirement System.

The cost of the adjustment shall be determined by the Board of Trustees of the Maine State Retirement System and shall be added to or deducted from their budget requests for the system.

2. Participating local districts. 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, the district shall supply a certified copy of its action and a statement of agreement of payment of costs.

#### STATEMENT OF FACT

The retirement trustees have carried out the provisions of Title 5, section 1128, for the past 4 years, granting 4% cost-of-living increases and advising the leadership of the Legislature of the actual Consumer Price Index increase by each February. It is apparent that no proper remedy for retirees can be obtained in this manner, so this change is requested to restore purchasing power to some 16,000 recipients of Maine State Retirement System allowances.