

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1087

S. P. 368

In Senate, March 2, 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 Pray of Penobscot.

Cosponsor: Senator Teague of Somerset.

STATE OF MAINE

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

AN ACT to Allow Maine State Retirement System Members a Cost-of-living Increase.

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

Sec. 1. 5 MRSA § 1062, sub-§ 6, ¶ B, is repealed by PL 1975, c. 622, § 18, is reenacted to read:

B. Each member shall contribute at the rate of 1/4 of 1% of his salary to the Survivor's Benefit Fund and that contribution shall be reported and held separately from contributions made to the Members' Contribution Fund. Anything to the contrary notwithstanding, contributions to the Survivors' Benefit Fund shall not be refunded to the member. To facilitate the making of deductions, the board of trustees may adjust the deduction of any member to the next higher nickel. 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 have the right to increase the rate of contribution after a reduction has been made, but shall not increase the rate to more than 1/4 of 1%;

Sec. 2. 5 MRSA § 1062, sub-§ 7, ¶ B, as repealed by PL 1975, c. 622, § 19, is reenacted to read:

B. Each member shall contribute at the rate of no more than 1/2 of 1% of his

salary to the Retirement Allowance Adjustment Fund and that contribution shall be reported and held separately from contributions made to any of the funds to which members make contributions.

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

Sec. 3. 5 MRSA § 1095, as amended by PL 1977, c. 661, § 1, is further amended to read:

§ 1095. Employee's contributions

1. **Members.** Each member shall contribute at a rate of ~~6.5%~~ 7 1/4% of earnable compensation, except as hereinafter provided.

2. **State Police.** Each member of the State Police, including the chief thereof or a member of the State Police or the chief thereof who is appointed to the position of Commissioner of Public Safety, who became a member of that department subsequent to July 9, 1943, shall contribute at a rate of ~~7.5%~~ 8 1/4% of earnable compensation to the Retirement System until he has completed 20 years of creditable service, as required under section 1121, subsection 1, paragraph C. After completing such service, a member of the State Police shall contribute at a rate of ~~6.5%~~ 7 1/4% of earnable compensation for the remainder of his employment as a member of the State Police.

3. **Fisheries and Game Warden.** Each law enforcement officer in the Department of Inland Fisheries and Wildlife and each law enforcement officer in the Department of Marine Resources shall contribute at a rate of ~~7.5%~~ 8 1/4% of earnable compensation until he has completed 20 years of creditable service, as required under section 1121, subsection 1, paragraph D. After completing such service, a law enforcement officer in the Department of Inland Fisheries and Wildlife or in the Department of Marine Resources shall contribute at a rate of ~~6.5%~~ 7 1/4% of earnable compensation for the remainder of his employment as such a law enforcement officer.

A commissioner or deputy commissioner of the Department of Marine Resources may elect to contribute as a member under subsection 1 rather than this subsection if he files a written copy of the election of that choice with the board of trustees.

4. **Forest rangers.** Each forest ranger in the Bureau of Forestry, Department of Conservation, shall contribute at a rate of ~~7.5%~~ 8 1/4% of earnable compensation until he has attained eligibility for retirement under section 1121, subsection 1, paragraph E. After attaining eligibility for retirement, a forest ranger shall contribute at a rate of ~~6.5%~~ 7 1/4% of earnable compensation for the remainder of his employment as a forest ranger.

5. **Maine State Prison employees.** Each employee of the Maine State Prison, who is an incumbent in a position described in section 1121, subsection 4, paragraph F, shall contribute at a rate of ~~7.5%~~ 8 1/4% of earnable compensation

until he has attained eligibility for retirement under section 1121, subsection 4, paragraph F. After attaining eligibility for retirement such employee shall contribute at a rate of ~~6.5%~~ **7 1/4%** of earnable compensation for the remainder of his employment in such a position.

6. Fire fighters. Each fire fighter, including the chief of a fire department, shall be required to contribute at a rate of ~~8% 8 3/4%~~ **8 3/4%** of earnable compensation as long as he is employed as a fire fighter; except a participating local district may elect to reduce such rate of contribution to ~~6.5%~~ **7 1/4%** of earnable compensation for all fire fighters who continue employment after attaining eligibility for retirement, for the remainder of their employment as fire fighters.

7. Police officers. Each police officer, including the chief of a police department, shall be required to contribute at a rate of ~~8% 8 3/4%~~ **8 3/4%** of earnable compensation as long as he is employed as a police officer; except a participating local district may elect to reduce such rate of contribution to ~~6.5%~~ **7 1/4%** of earnable compensation for all police officers who continue employment after attaining eligibility for retirement, for the remainder of their employment as police officers.

8. State share of cost. At no time shall the state matching share of the cost of the retirement system be increased due to the changes in formula and the change from 5-year average highest compensation to 3-year average highest compensation. Any additional costs are to be borne by the members of the system.

Sec. 4. 5 MRSA § 1128, sub-§ 1, ¶ A, 2nd ¶, first sentence, as enacted by PL 1977, c. 573, § 3, is amended to read:

The board of trustees shall automatically make such adjustments in the retirement allowances up to a maximum annual increase or decrease of ~~4%~~ **8%**.

Sec. 5. MRSA § 1128, sub-§ 1, ¶ B, as enacted by PL 1977, c. 573, § 3, is amended to read:

B. Whenever the annual percentage change from July 1st to June 30th in the Consumer Price Index exceeds ~~4%~~ **8%**, the board of trustees shall make such adjustments in the retirement allowances as necessary to reflect an annual increase or decrease of ~~4%~~ **8%** and shall report that adjustment and the actual increase or decrease in the Consumer Price Index to the Legislature during the month of February of the following year.

STATEMENT OF FACT

This bill increases the cost-of-living allowances for retirement system members by ~~4%~~ **8%**, so that the maximum permitted allowance will be ~~8%~~ **8%**. The funding mechanism is a ~~3/4%~~ **3/4%** contribution increase for members, ~~1/2%~~ **1/2%** to go to the Retirement Allowance Adjustment Fund and ~~1/4%~~ **1/4%** to go to the Survivors' Benefit Fund.