

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1331

H. P. 1114

House of Representatives, March 17, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Nelson of Portland.

STATE OF MAINE

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

AN ACT to Amend the Benefit Option Provided upon Death of a Former Member who was Receiving a Disability Retirement Allowance.

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

Sec. 1. 5 MRSA § 1124, sub-§ 2, first sentence, as amended by PL 1975, c. 622, § 55, is further amended to read:

~~Should a member or former member who is a beneficiary receiving a disability retirement allowance~~ die any time after completing the conditions for service retirement under any of the provisions of this chapter but before any service retirement allowance becomes effective, the following benefits shall be payable:

Sec. 2. 5 MRSA § 1124, sub-§ 2, ¶¶ B and C, as amended by PL 1975, c. 622, § 55, are further amended to read:

B. A retirement allowance equal to the reduced retirement allowance determined in accordance with Option 2 of section 1126 on the assumption that service retirement of the member ~~or former member~~ had taken place on the date of his death, which will be continued during the lifetime of the first of the following listed persons, if any, alive at the death of the member or former member; designated beneficiary, wife, husband, mother, father. If the designated beneficiary is a spouse, child or children, mother or father, he may elect to receive the benefits provided under subsection 1 of this section, in lieu of such retirement allowance payments. If the monthly amount of such

retirement allowance is less than \$10, any such first listed person may, prior to the commencement of such retirement allowance payments, elect to receive, in lieu of such payments, a lump sum which is the actuarial equivalent at the date of death of the member ~~or former member~~ of such retirement allowance payments. Any such first listed person, other than a designated beneficiary, may, prior to the commencement of such retirement allowance payments, elect to receive, in lieu of such payments, a lump sum equal to the accumulated contributions of the member ~~or former member~~; otherwise

C. The accumulated contributions of the member ~~or former member~~ which will be paid to his estate.

Sec. 3. 5 MRSA § 1124, sub-§ 2-A is enacted to read:

2-A. Death of a former member after eligibility for retirement.

Should a former member who is receiving a disability retirement allowance die at any time after completing the conditions establishing eligibility for a service retirement the following benefit shall be payable:

A. A retirement allowance equal to the reduced retirement allowance determined in accordance with Option 2 of section 1126 on the assumption that the service retirement of the former member had taken place on the date of his death, which will be continued during the lifetime of any person previously designated by the former member from the following listed persons, if any, alive at the death of the former member: Spouse, child or children, mother, father.

If the former member has not designated any of the above listed persons, the first of those persons still living shall be designated as the appropriate beneficiary. If the monthly amount of such retirement allowance is less than \$10, any such listed person may, prior to the commencement of retirement allowance payments, elect to receive, in lieu of the payments, a lump sum which is the actuarial equivalent at the date of death of the member or former member of such retirement allowance payments.

Any such listed person may, prior to the commencement of retirement allowance payments, elect to receive, in lieu of the payments, the benefits provided under subsection 1 or a lump sum equal to the accumulated contributions of the former member; otherwise

B. The accumulated contributions of the former member which will be paid to his estate.

Sec. 4. 5 MRSA § 1124, sub-§ 3, as repealed and replaced by PL 1975, c. 622, § 55, is amended to read:

3. Election of benefits. Benefits payable under this section shall be in lieu of any benefits payable under section 1125 or payable as death benefits under section 1121, subsection 1, paragraphs C or D, or subsection 7, provided that the person

specified to receive benefits under this section may instead elect, prior to the commencement of benefit payments, to receive benefits under either section 1125, or death benefits under section 1121, subsection 1, paragraphs C or D, or subsection 7, in place of these benefits, if the member or former member and beneficiary comply with each condition required under such sections. ¹

STATEMENT OF FACT

Current state retirement law allows a former member who is receiving a disability retirement allowance to name anyone as a beneficiary to receive optional benefits if that former member dies. This bill limits the beneficiaries which may receive those optional benefits to the spouse, parents or children.