

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 636

6
7 S.P. 241

In Senate, February 21, 1985

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

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Gauvreau of Androscoggin.

Cosponsored by Representative McSweeney of Old Orchard Beach and
11 Representative Farnum of South Berwick.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT Relating to Payment of Back
18 Contributions and Withdrawn
19 Contributions by Members of the Maine
20 State Retirement System.
21

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

24 Sec. 1. 5 MRSA §1094, sub-§8 is repealed.

25 Sec. 2. 5 MRSA §1094, sub-§8-A is enacted to
26 read:

27 8-A. Back contributions. Any member who did not
28 become a member as of the date he first became an em-
29 ployee, may, if he so elects, prior to the date any
30 retirement allowance becomes effective for him, pay
31 into the Members' Contribution Fund by direct payment
32 or by an increased rate of contribution an amount
33 equal to the contributions that he would have paid
34 had he been a member during all of the period from
35 the date he became an employee to the date he became

1 a member with interest at a rate set by a rule of the
2 board from the year or years when those contributions
3 would have been made or July 1, 1957, whichever is
4 later to the date of payment. Upon completion of pay-
5 ment of those contributions, the member shall be en-
6 titled to creditable service for that period of time.
7 In the event any retirement allowance becomes effec-
8 tive before completion of payment of those contribu-
9 tions, the member shall be entitled to credit for
10 that portion of the total of that service which the
11 total amount of payment actually made bears to the
12 total contributions owed, including, in each in-
13 stance, interest at the rate set by board rule to the
14 date the retirement allowance becomes effective. This
15 subsection shall not apply to any member who begins
16 membership after December 31, 1985, and had elected
17 not to become a member when first employed pursuant
18 to section 1091, subsection 1.

19 Sec. 3. 5 MRSA §1094, sub-§9, as amended by PL
20 1975, c. 622, §28, is repealed.

21 Sec. 4. 5 MRSA §1094, sub-§10, as amended by PL
22 1975, c. 622, §29, is further amended to read:

23 10. Former members. Any former member who
24 withdrew his contributions after termination of ser-
25 vice may, ~~upon~~ after later reemployment and restora-
26 tion to membership for a period of 3 years and prior
27 to the date any retirement allowance becomes effec-
28 tive for him, deposit in the Members' Contribution
29 Fund by a single payment or by an increased rate of
30 contribution an amount equal to the accumulated con-
31 tributions withdrawn by him together with interest at
32 2% ~~greater than regular~~ interest thereon from the
33 date of withdrawal to the date the deposit payment or
34 payments are made at a rate set by rule of the board.
35 Upon the completion of such deposit, the member shall
36 be entitled to all creditable service that he ac-
37 quired during his previous membership. In the event
38 any retirement allowance becomes effective before the
39 completion of such deposit, the member shall be enti-
40 tled to credit for that portion of the total of such
41 previous creditable service which the total amount of
42 deposit payments actually made bears to such single
43 deposit if paid on the date of restoration to member-
44 ship, in each instance including interest at 2%

1 ~~greater than regular interest a rate set by a rule of~~
2 ~~the board from the date of payment to the date the~~
3 ~~retirement allowance becomes effective.~~

4 Sec. 5. 5 MRSA §1094, sub-§11, as amended by PL
5 1975, c. 622, §30, is further amended to read:

6 11. Federal employment service. Any employees of
7 the federal employment service who transferred to a
8 state department prior to the time said service was
9 returned to state control shall be allowed prior ser-
10 vice credit and membership credit for such time as he
11 was with the said federal employment service, pro-
12 vided he makes up such contributions as may be neces-
13 sary to cover membership credit, which shall include
14 interest at ~~2% greater than regular interest a rate~~
15 set by a rule of the board from January 1, 1976 to
16 the date of payment. This subsection shall not apply
17 to any member who begins membership on or after Janu-
18 ary 1, 1976.

19 Sec. 6. 5 MRSA §1094, sub-§12, ¶A, as amended by
20 PL 1975, c. 622, §§31 to 33, is further amended to
21 read:

22 A. Out-of-state service shall be allowed as ad-
23 ditional creditable service for any member in the
24 determination of his retirement allowance under
25 any provisions of this chapter, provided that the
26 member has creditable service in Maine of at
27 least 20 years in the aggregate, provided the
28 member, prior to the date any retirement allow-
29 ance becomes effective for him, makes contribu-
30 tions into the Members' Contribution Fund for the
31 years of out-of-state service on the same basis
32 as he would have made contributions had such ser-
33 vice been in Maine, including interest at ~~2%~~
34 greater than regular interest a rate set by a
35 rule of the board from the date of his return to
36 service end of the year or years when those con-
37 tributions would have been made if the service
38 had been in the State to the date of payment and
39 subject to the following:

40 (1) If the member began to teach in the
41 public schools in Maine for the first time
42 prior to July 1, 1924, his last 15 years of

1 creditable service prior to the date of re-
2 tirement must be in Maine;

3 (2) If the member was formerly subject to
4 the Revised Statutes of 1944, chapter 37,
5 sections 221 to 241, his last 7 years of
6 creditable service prior to date of retire-
7 ment must be in Maine;

8 (3) If the member is a teacher employed for
9 the first time after July 1, 1947, his last
10 10 years of creditable service prior to the
11 date of retirement must be in Maine and no
12 more than 10 years of such out-of-state ser-
13 vice shall be allowed as creditable service;
14 and

15 (4) If the member is other than a teacher,
16 his last 10 years of creditable service pri-
17 or to the date of retirement must be in
18 Maine and no more than 10 years of such out-
19 of-state service shall be allowed as credit-
20 able service; and

21 (5) A public school teacher who leaves ser-
22 vice in Maine to teach children of United
23 States occupational forces, located in any
24 foreign country on a regularly established
25 United States military base, shall be al-
26 lowed credit for such service, not to exceed
27 2 years, provided such teacher returned to
28 active teaching service in Maine within one
29 year of the completion of such foreign ser-
30 vice, and pays into the Maine State Retire-
31 ment System contributions as would have been
32 made had the service been rendered in Maine,
33 including interest at ~~2% greater than regu-~~
34 ~~lar interest~~ a rate set by rule of the board
35 from the date of his return to service end
36 of the year or years when those contribu-
37 tions would have been made if the service
38 had been in the State to the date of pay-
39 ment. This paragraph shall not apply to any
40 member who begins membership on or after
41 January 1, 1976.

1 Sec. 7. 5 MRSA §1094, sub-§13, as amended by PL
2 1981, c. 217, is further amended to read:

3 13. Military service credit. Anything to the
4 contrary notwithstanding, military service shall be
5 credited to all state employees for full-time active
6 duty as a member of the Armed Forces of the United
7 States who are unable to otherwise qualify for mili-
8 tary service credits or benefits from other retire-
9 ment plans according to rules to be established by
10 the board of trustees. A state employee shall be en-
11 titled to this credit only if at point of retirement
12 he shall have at least 15 years of creditable service
13 in the State Retirement System. The member shall
14 contribute to the retirement system for each year of
15 military service claimed that percentage of contribu-
16 tion required of active members during the period of
17 time covered by said military service applied to the
18 earnable compensation paid such member during the
19 first year of state employment subsequent to service
20 in the Armed Forces, together with interest at ~~2%~~
21 greater than regular interest a rate set by a rule of
22 the board from January 1, 1976 or the date of attain-
23 ing 15 years of creditable service, if later, to the
24 date of payment; however, 5% shall be the minimum
25 rate of contribution. In the event 2 or more per-
26 centages of contribution were in effect during the
27 period of military service, the greatest percentage
28 of contribution shall govern. Credit for military
29 service under this subsection shall be limited to 4
30 years. Such credit shall be available to those per-
31 sons who were separated under conditions other than
32 dishonorable from the Armed Forces of the United
33 States.

34 A local district may elect, with regard to special
35 retirement plans under section 1092, subsection 3 and
36 section 1121, subsections 4, 8 and 9, that military
37 service credits under this subsection shall only ap-
38 ply to additional retirement benefits under section
39 1092, subsection 3-A and shall not apply to age or
40 service requirements of retirement. Nothing in this
41 paragraph may be construed to affect in any way the
42 rights of public employees to collectively bargain
43 for terms and conditions of employment.

1 It is the intent that these provisions shall apply to
2 all persons, active or retired, but that for those
3 already retired the effective date of any adjustment
4 shall be not earlier than that date on which such
5 time or credit is certified to the Maine State Re-
6 tirement System. This subsection shall not apply to
7 any member who begins membership on or after January
8 1, 1976.

9 Sec. 8. 5 MRSA §1121, sub-§1, ¶A, as repealed
10 and replaced by PL 1983, c. 480, Pt. A, §5, is
11 amended to read:

12 A. Any member, who at the attainment of age 60
13 years is in service, may retire at any time then
14 or thereafter on a service retirement allowance,
15 provided that the member has been in service for
16 a minimum of one year immediately prior to re-
17 tirement or has at least 10 years of creditable
18 service, upon written application to the board of
19 trustees setting forth at what time he desires to
20 be retired. Any member not in service may retire
21 at the age of 60 years or thereafter on a service
22 retirement allowance upon written application to
23 the board of trustees setting forth at what time
24 he desires to be retired, provided that he has at
25 least 10 years of creditable service or 5 full
26 terms as a Legislator, any part of which service
27 must have been rendered when he was, or could
28 have been under then existing law, a contributing
29 member to any publicly supported contributory re-
30 tirement system sponsored by the State and pro-
31 vided that, at the effective date of the retire-
32 ment allowance, his contributions are on deposit
33 in the Members' Contribution Fund.

1

STATEMENT OF FACT

2 The purpose of this bill is to combine and clari-
3 fy the provisions regarding payment of back contribu-
4 tions and provide that any payment of contributions
5 shall bear interest from the date due at a rate to be
6 established by a rule of the board of trustees of the
7 Maine State Retirement System. This bill requires
8 that a former member be reemployed and be a member
9 for 3 years before becoming eligible to repay with-
10 drawn contributions.

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