

MAINE STATE LEGISLATURE

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L.D. 1274

(Filing No. S-164)

STATE OF MAINE
SENATE
112TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT " A " to S.P. 471, L.D. 1274, Bill, "AN ACT to End Subsidized Early Retirement Payments Under the Maine State Retirement System Laws."

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'5 MRSA §1121, sub-§3, as amended by PL 1973, c. 542, §8, is repealed and the following enacted in its place:

3. Creditable service of 25 years. Retirement after 25 years of service shall be in accordance with the following provisions.

A. Any member who has completed 25 or more years of creditable service may retire any time prior to the attainment of age 60 and receive a service retirement allowance upon written application to the board of trustees setting forth at what time he desires to be retired. The retirement allowance shall be determined in accordance with subsection 2, paragraph A, but shall be at a reduced amount determined by applying to the retirement allowance the percentage that a life annuity due at age 60 bears to the life annuity due at the age of retirement, subject to subsection 4. For this purpose, the tables of annuities as approved by the board of trustees at the date of retirement shall be used. This paragraph does not apply to any member who begins membership on or after January 1, 1986.

B. Any member beginning membership on or after January 1, 1986, who has completed 25 or more

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1 years of creditable service may retire any time
2 prior to the attainment of age 60 and receive a
3 service retirement allowance upon written appli-
4 cation to the board of trustees setting forth at
5 what time he desires to be retired. The retire-
6 ment allowance shall be determined in accordance
7 with subsection 2, paragraph A, but shall be re-
8 duced by 1/3 of 1% for each full month that the
9 date of retirement precedes the date of attain-
10 ment of age 60.

11 FISCAL NOTE

12 This Act will not affect any retirement costs for
13 25 years.'

14 STATEMENT OF FACT

15 The retirement benefits for teachers and regular
16 state employees who retire prior to age 60 are clas-
17 sified as subsidized early retirement benefits since
18 the amount of the early retirement benefits are of
19 greater amounts than the actuarial equivalent of the
20 benefits that have accrued to commence at age 60.

21 The present actuarial equivalents now in use en-
22 courage teachers and regular state employees to re-
23 tire early because of the financial advantages over
24 regular retirement. Those who retire before age 60
25 receive a greater amount in relationship to what
26 would normally be allocated to an early retiree with
27 the formula in this amendment. The rate of reduction
28 for early retirement remains less than the true actu-
29 arial equivalent. This amendment, by changing the
30 retirement computation to a 4%-per-year reduction,
31 provides for a greater reduction than that currently
32 used.

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COMMITTEE AMENDMENT "A " to S.P. 471, L.D. 1274

1 This amendment will affect only employees first
2 hired after January 1, 1986.

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Reported by Senator Maybury for the Committee on Aging, Retirement
and Veterans. Reproduced and Distributed Pursuant to Senate Rule
12.

(5/30/85)

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