

# MAINE STATE LEGISLATURE

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1 (New Draft of S.P. 443, L.D. 1246)  
2 (New Title)  
3 SECOND REGULAR SESSION  
4

5 ONE HUNDRED AND TWELFTH LEGISLATURE  
6

7 Legislative Document

No. 2231

9 S.P. 886

In Senate, March 20, 1986

10 Reported by Senator Maybury of Penobscot from the Committee on  
11 Aging, Retirement and Veterans and printed under Joint Rule 2. Original bill  
12 sponsored by Senator Clark of Cumberland. Cosponsored by Senator  
Gauvreau of Androscoggin, Representative Hickey of Augusta and  
Representative Perry of Mexico.

JOY J. O'BRIEN, Secretary of the Senate

13  
14 STATE OF MAINE  
15

16 IN THE YEAR OF OUR LORD  
17 NINETEEN HUNDRED AND EIGHTY-SIX  
18

19 AN ACT to Recodify the Laws 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. 2 MRSA §1-A is enacted to read:

25 §1-A. Retirement allowance

26 1. Terms and conditions. Any former Governor and  
27 any surviving spouse of a deceased Governor or former  
28 Governor is entitled, upon application and upon  
29 reaching age 65, to a retirement allowance under the  
30 following terms and conditions.

31 A. The amount of the retirement allowance is 3/8  
32 of the annual salary being paid the current Gov-  
33 ernor on the date the retirement allowance be-  
34 comes effective.

1 B. A surviving spouse of a deceased Governor or  
2 former Governor is entitled to receive the allow-  
3 ance beginning the day after the death of the  
4 Governor or former Governor.

5 C. Any person who succeeds to the office of Gov-  
6 ernor by means other than by election must serve  
7 as Governor a minimum of 6 months to qualify him-  
8 self or a surviving spouse for the retirement al-  
9 lowance.

10 D. Whatever adjustments are made under Title 5,  
11 sections 17806 and 18407 shall be applied to pay-  
12 ments made under this section.

13 2. Maine State Retirement System. The trustees  
14 of the Maine State Retirement System shall be respon-  
15 sible for the payment of the retirement allowance un-  
16 der this section from the Governor's Retirement Fund.

17 A. The board of trustees of the Maine State Re-  
18 irement System shall forward to the Executive  
19 Department for inclusion in its budget request an  
20 estimate of the amount needed to be appropriated  
21 to the Governor's Retirement Fund which will be  
22 sufficient, when combined with the amount in the  
23 fund, to provide the benefits payable out of the  
24 fund during the ensuing biennium.

25 B. A Governor may become or continue to be a  
26 member of the Maine State Retirement System and  
27 is entitled to all benefits, except that the ben-  
28 efit provided under this section shall be in lieu  
29 of, and not in addition to, all benefits provided  
30 under Title 5, Part 20.

31 C. When a retirement allowance under this sec-  
32 tion becomes effective:

33 (1) Any accumulated contributions of a Gov-  
34 ernor who is or was a member of the Maine  
35 State Retirement System shall be transferred  
36 from the Members' Contribution Fund to the  
37 Governor's Retirement Fund; and

38 (2) An amount shall be transferred from the  
39 Retirement Allowance Fund to the Governor's

1                   Retirement Fund equal to the accrued benefit  
2                   reserve minus the accumulated contributions  
3                   under subparagraph (1), which would have  
4                   been required to pay the benefits to which  
5                   the Governor or surviving spouse would have  
6                   been entitled under Title 5, chapter 423,  
7                   subchapter V.

8                   Sec. 2. 5 MRSA Pt. 3, as amended, is repealed.

9                   Sec. 3. 5 MRSA §4575 is enacted to read:

10                   §4575. Mandatory retirement age prohibited

11                   1. Legislative findings and intent. The Legisla-  
12                   ture finds that many older Maine citizens are pushed  
13                   out of the work force solely because of their age.  
14                   The Legislature further finds that many older Maine  
15                   residents who have been pushed out of the work force  
16                   are fully capable of carrying out the duties and re-  
17                   sponsibilities required by employment. Finally, the  
18                   Legislature finds that many older Maine citizens, be-  
19                   cause of their years of experience, can make valuable  
20                   contributions to the work force.

21                   It is the intent of the Legislature that discrimina-  
22                   tion based on age against any person who seeks em-  
23                   ployment in the public sector or who is already em-  
24                   ployed by a public employer shall not be tolerated.  
25                   It is further the intent of the Legislature to ensure  
26                   that any older person who seeks or wishes to continue  
27                   employment in the public sector and who is capable of  
28                   fulfilling the duties and responsibilities of such  
29                   employment, shall be treated like any other person  
30                   who seeks or wishes to continue such employment. Fi-  
31                   nally, it is the clear and unequivocal intent of the  
32                   Legislature to prohibit employers in the public  
33                   sector from requiring employees to retire at a speci-  
34                   fied age or after completion of a specified number of  
35                   years of service.

36                   2. Criteria and standards. A state department or  
37                   public school may establish reasonable criteria and  
38                   standards of job performance to be used for the pur-  
39                   pose of determining when employment of its employees  
40                   should be terminated. Where there is a certified bar-  
41                   gaining agent, the establishment of these criteria

1 and standards may be a subject of collective bargain-  
2 ing. These criteria and standards shall be consistent  
3 for all employees in the same or similar job classi-  
4 fications, shall be applied fairly to all employees  
5 regardless of age and shall be consistent with the  
6 provisions of this Act relating to the employment of  
7 physically and mentally handicapped persons.

8 3. Federal requirements. This section shall not  
9 be construed to effect or limit any power or duty re-  
10 lating to pension or retirement plans which the  
11 United States Government reserves to itself.

12 Sec. 4. 5 MRSA §12004, sub-§7, ¶A, sub-¶(7) is  
13 repealed and the following enacted in its place:

14 (7) Board of Trustees, \$50/day 5 MRSA 17102  
15 Maine State  
16 Retirement System

17 Sec. 5. 5 MRSA Pt. 20 and 21 are enacted to  
18 read:

19 PART 20

20 STATE RETIREMENT SYSTEM

21 CHAPTER 421

22 GENERAL PROVISIONS

23 SUBCHAPTER I

24 DEFINITIONS

25 §17001. Definitions

26 As used in this Part, unless the context other-  
27 wise indicates, the following terms have the follow-  
28 ing meanings.

29 1. Accumulated contributions. "Accumulated con-  
30 tributions" means the sum of all the amounts credited  
31 to a member's individual account in the Members' Con-  
32 tribution Fund, plus regular interest on the member's  
33 account, as provided in subchapter IV, article 2.

1           2. Actuarial equivalent. "Actuarial equivalent"  
2 means an amount of equal value when computed at an  
3 interest rate contained in actuarial assumptions  
4 adopted by the board and upon the basis of mortality  
5 and service tables adopted by the board.

6           3. Actuary. "Actuary" means the individual or  
7 the organization designated by the board to be the  
8 technical advisor to the board under section 17107.

9           4. Average final compensation. "Average final  
10 compensation" means:

11           A. The average annual rate of earnable compensa-  
12 tion of a member during the 3 years of creditable  
13 service as an employee in Maine, not necessarily  
14 consecutive, in which his annual rate of earnable  
15 compensation is highest; or

16           B. The average annualized rate of earnable com-  
17 pensation of a member during his entire period of  
18 creditable service if that period is less than 3  
19 years.

20           5. Beneficiary. "Beneficiary" means a person or  
21 persons designated by a member to receive a benefit  
22 under this Part or a person otherwise entitled to re-  
23 ceive a benefit under this Part.

24           6. Benefit. "Benefit" means any payment made, or  
25 required to be made, to a beneficiary under chapter  
26 423, subchapter V or chapter 425, subchapter V.

27           7. Board. "Board" means the board of trustees,  
28 established under section 12004, subsection 7, to ad-  
29 minister the Maine State Retirement System.

30           8. Child. "Child" means any natural or legally  
31 adopted, born or unborn, progeny of a member.

32           9. Consumer Price Index. "Consumer Price Index"  
33 means:

34           A. The Consumer Price Index for Urban Wage Earn-  
35 ers and Clerical Workers: United States City Av-  
36 erage, All items, 1967 = 100, as compiled by the  
37 Bureau of Labor Statistics, United States Depart-  
38 ment of Labor; or

1 B. If the index described in paragraph A is re-  
2 vised or superseded, the Consumer Price Index  
3 shall be the index represented by the Bureau of  
4 Labor Statistics as reflecting most accurately  
5 changes in the purchasing power of the dollar for  
6 consumers.

7 10. Creditable service. "Creditable service"  
8 means a person's membership service, the person's  
9 prior service and service for which credit is allowa-  
10 ble under sections 17755 and 17756; section 17760,  
11 subsection 2; section 18258; sections 18355 and  
12 18356; and section 18360, subsection 2.

13 11. Department. "Department" means any depart-  
14 ment, commission, institution or agency of State Gov-  
15 ernment.

16 12. Dependent child. "Dependent child" means:

17 A. Any unmarried, natural or legally adopted,  
18 born or unborn, member's progeny, who is:

19 (1) Under 18 years of age; or

20 (2) Under 22 years of age and a full-time  
21 student; or

22 B. Regardless of age or marital status, any oth-  
23 er progeny certified by the medical board to be  
24 permanently mentally incompetent or permanently  
25 physically incapacitated and determined by the  
26 executive director to be unable to engage in any  
27 substantially gainful employment.

28 13. Earnable compensation. "Earnable compensa-  
29 tion" means salaries and wages, subject to the fol-  
30 lowing inclusions and exclusions.

31 A. "Earnable compensation" includes:

32 (1) Workers' compensation benefits;

33 (2) Maintenance, if any; and

34 (3) Any money paid by an employer under an  
35 annuity contract for the future benefit of  
36 an employee.

- 1           B. "Earnable compensation" does not include:
- 2                   (1) Payment for more than 30 days of unused  
3                   accumulated or accrued sick leave, payment  
4                   for more than 30 days of unused vacation  
5                   leave or payment for more than 30 days of a  
6                   combination of both;
- 7                   (2) Any other payment which is not compen-  
8                   sation for actual services rendered or which  
9                   is not paid at the time the actual services  
10                   are rendered; or
- 11                   (3) Teacher recognition grants paid pursu-  
12                   ant to Title 20-A, section 13503-A.
- 13           14. Employee. "Employee" means:
- 14                   A. For purposes of this chapter, a state employ-  
15                   ee, including any person serving during any pro-  
16                   batory period required under the Personnel Law  
17                   and rules of the Personnel Board, a teacher or a  
18                   participating local district employee;
- 19                   B. For purposes of chapter 423, a state employ-  
20                   ee, including any person serving during any pro-  
21                   batory period required under the Personnel Law  
22                   and rules of the Personnel Board, or a teacher;  
23                   or
- 24                   C. For purposes of chapter 425, a participating  
25                   local district employee.
- 26           15. Executive body. "Executive body" means the  
27           official or body of officials who, in their official  
28           capacity, have the general powers and duties of ad-  
29           ministering, supervising and managing the affairs of  
30           an organization or governmental unit.
- 31           16. Executive director. "Executive director"  
32           means the executive director of the Maine State Re-  
33           irement System.
- 34           17. Father. "Father" means a natural or adoptive  
35           father or stepfather.



1        18. Full-time student. "Full-time student" means  
2 a person who meets the requirements for a full-time  
3 student set out in rules adopted by the board.

4        19. Local district. "Local district" means:

5        A. Any county, municipality, quasi-municipal  
6 corporation or incorporated instrumentality of  
7 the State or of one or more of its political sub-  
8 divisions;

9        B. Any incorporated association of employees of  
10 the State or employees of any of the entities set  
11 out in paragraph A;

12       C. Any incorporated association of any of the  
13 entities set out in paragraph A;

14       D. Any entity eligible to become a participating  
15 local district before January 1, 1976;

16       E. Any entity participating in the retirement  
17 system before January 1, 1976; or

18       F. Any educational institution in the State  
19 teaching courses equivalent to or higher than  
20 secondary institutions.

21       20. Member. "Member" means any employee included  
22 in the membership of the retirement system, as pro-  
23 vided in chapter 423, subchapter II or chapter 425,  
24 subchapter II.

25       21. Membership service. "Membership service"  
26 means service rendered while a member of the retire-  
27 ment system on account of which contributions are  
28 made and for which credit is allowable under chapter  
29 423, subchapter IV or chapter 425, subchapter IV.

30       22. Mother. "Mother" means a natural or adoptive  
31 mother or a stepmother.

32       23. Normal retirement age. "Normal retirement  
33 age" means the specified age, the years of service  
34 requirement or any combination of age and years of  
35 service requirements at which a member becomes eligi-  
36 ble for retirement benefits and at which those bene-

1 fits may not be reduced under section 17852, subsec-  
2 tion 3; section 17852, subsection 4, paragraph C;  
3 section 17852, subsection 10, paragraph C; and sec-  
4 tion 18452, subsection 3.

5 24. Organization. "Organization" means a corpo-  
6 ration, partnership or unincorporated association.

7 25. Out-of-state service. "Out-of-state service"  
8 means service rendered as an employee of:

9 A. Any state, territory or possession of the  
10 United States, except Maine; or

11 B. Any political subdivision of any state, ter-  
12 ritory or possession of the United States, except  
13 Maine.

14 26. Parent. "Parent" means mother or father.

15 27. Participating local district. "Participating  
16 local district" means a local district which has ap-  
17 proved the participation of its employees in the re-  
18 irement system under section 18201.

19 28. Participating local district employee. "Par-  
20 ticipating local district employee" means an employe  
21 of a participating local district.

22 29. Prior service. "Prior service" means service  
23 rendered before the date of establishment of the re-  
24 irement system as set forth in section 17101.

25 30. Public school. "Public school" is defined as  
26 follows.

27 A. "Public school" includes:

28 (1) Any public school conducted within the  
29 State under the authority and supervision of  
30 a duly elected board of education, superin-  
31 tending school committee or school direc-  
32 tors; and

33 (2) Any school which received any direct  
34 state aid in 1950 and municipal tuition  
35 funds amounting to at least the amount of  
36 that state aid during 1950.

1           B. "Public school" does not include:

2                   (1) Maine Wesleyan Seminary and College,  
3                   commonly known as Kents Hill School, as of  
4                   September 23, 1971;

5                   (2) Bridgton Academy, as of September 1,  
6                   1979;

7                   (3) Gould Academy, as of September 1, 1979;  
8                   and

9                   (4) North Yarmouth Academy, as of September  
10                   1, 1979.

11           31. Regular interest. "Regular interest" means  
12           interest at the rate set from time to time by the  
13           board in accordance with section 17156.

14           32. Restoration to service. "Restoration to ser-  
15           vice" is defined as follows.

16                   A. For a retired state employee or teacher,  
17                   "restoration to service" means acceptance of em-  
18                   ployment as either a state employee or a teacher.

19                   B. For a retired participating local district  
20                   employee, "restoration to service" means accept-  
21                   ance of employment with the participating local  
22                   district from which the employee had retired.

23                   C. "Restoration to service" does not include  
24                   election to the Legislature.

25           33. Retirement. "Retirement" means termination  
26           of membership with a retirement allowance granted un-  
27           der this chapter.

28           34. Retirement allowance. "Retirement allowance"  
29           means the retirement payments to which a member is or  
30           may be entitled as provided in this Part.

31           35. Retirement benefit. "Retirement benefit"  
32           means the same as retirement allowance.

33           36. Retirement system. "Retirement system" means  
34           the Maine State Retirement System.

1           37. Service. "Service" means service as an em-  
2 ployee for which compensation was paid.

3           38. Service credit. "Service credit" means cred-  
4 it received for creditable service as defined under  
5 subsection 10.

6           39. Spouse. "Spouse" means the person currently  
7 legally married to a member.

8           40. State employee. "State employee" means any  
9 regular classified or unclassified officer or employ-  
10 ee in a department, except:

11           A. A judge, as defined in Title 4, section 1201  
12 or 1301, who is now or may be later entitled to  
13 retirement benefits under Title 4, chapter 27 or  
14 29;

15           B. A member of the State Police who is now enti-  
16 ttled to retirement benefits under Title 25, chap-  
17 ter 195; or

18           C. A Legislator who is now or may be later enti-  
19 ttled to retirement benefits under Title 3, chap-  
20 ter 29.

21           41. Surviving spouse. "Surviving spouse" means  
22 the spouse alive at the time of the death of the mem-  
23 ber or former member.

24           42. Teacher. "Teacher" means a teacher, superin-  
25 tendent, principal, supervisor, school nurse, school  
26 dietician or school secretary employed in any public  
27 school, including teachers in unorganized territory.

28                           SUBCHAPTER II

29                           GENERAL POLICIES AND INTENT

30           §17050. Legislative intent

31           It is the intent of the Legislature to encourage  
32 qualified persons to seek public employment and to  
33 continue in public employment during their productive  
34 years. It is further the intent of the Legislature to  
35 assist these persons in making provision for their

1 retirement years by establishing benefits reasonably  
2 related to their highest earnings and years of ser-  
3 vice and by providing suitable disability and death  
4 benefits.

5 §17051. Nonapplicability of other retirement benefit  
6 laws

7 No law outside of this Part which provides wholly  
8 or in part at the expense of the State or of any sub-  
9 division of the State for retirement benefits for em-  
10 ployees, or for the surviving spouses or other bene-  
11 ficiaries of those employees, may apply to members or  
12 beneficiaries of the retirement system or to the sur-  
13 viving spouses or other beneficiaries of those mem-  
14 bers or beneficiaries. A member may not receive ser-  
15 vice credit toward a benefit under this Part and un-  
16 der another system supported wholly or in part by the  
17 State for the same service.

18 §17052. Mandatory retirement

19 1. Prohibition. No employee may be required, as  
20 a condition of employment, to retire at or before a  
21 specified age or after completion of a specified num-  
22 ber of years of service.

23 2. Normal retirement age. This section may not  
24 be construed to prohibit the use of a normal retire-  
25 ment age, except that normal retirement age and the  
26 accrual or awarding of pension or retirement benefits  
27 may not be used in any way to require the retirement  
28 of an employee or to deny employment to a person.

29 §17053. Exemption from taxation

30 The money in the various funds created by this  
31 Part are exempt from any state, county or municipal  
32 tax in the State.

33 §17054. Legal process and assignment

34 The right of a person to a retirement allowance,  
35 the retirement allowance itself, the refund of a  
36 person's contributions, any death benefit, any other  
37 right accrued or accruing to any person under this  
38 Part and the money in the various funds created by

1 this Part may not be subject to execution, garnish-  
2 ment, attachment or any other process and shall be  
3 unassignable except that:

4 1. Retirement allowance available for child sup-  
5 port. A member's retirement allowance shall be avail-  
6 able to satisfy any child support obligation which is  
7 otherwise enforceable by execution, garnishment, at-  
8 tachment, assignment or other process; and

9 2. Accumulated contributions available for child  
10 support. A member's accumulated contributions, being  
11 refundable under sections 17705, 17706, 18306 and  
12 18307 shall be available to satisfy any child support  
13 obligation which is otherwise enforceable by execu-  
14 tion, garnishment, attachment, assignment or other  
15 process.

16 §17055. Beneficiary who is an incapacitated person  
17 or a minor

18 For the purposes of this Part:

19 1. Election of benefit. If a beneficiary is not  
20 lawfully qualified to make an election, the election  
21 shall be made for him by the person authorized to do  
22 so by Title 18-A, article V; and

23 2. Payment of benefit. Payment of any benefit to  
24 an incapacitated person, as defined in Title 18-A,  
25 section 5-101, or a minor shall be made in accordance  
26 with Title 18-A, article V.

27 §17056. Superior Court employees

28 1. Transfer to state employee account. Notwith-  
29 standing section 18408, if, before September 19,  
30 1987, the county commissioners of a county elect to  
31 adopt this section, funds held by the retirement sys-  
32 tem to the credit of employees of any Superior Court  
33 within that county who became employees of the State  
34 pursuant to Public Law 1975, chapters 383 and 408,  
35 shall be transferred on the records of the retirement  
36 system to the state employee account.

37 2. Vote. For purposes of this section, a vote of  
38 the county commissioners to adopt this section must  
39 be by majority vote of the commissioners:

1           A. With the advice and consent of the county  
2           budget committee, if one exists; or

3           B. With the advice and consent of the legisla-  
4           tive delegation for that county, if a county bud-  
5           get committee does not exist.

6           3. Creditable service. Creditable service shall  
7           be determined as follows.

8           A. Creditable service for employees described in  
9           subsection 1 shall be determined as if their ser-  
10           vice had been rendered as state employees.

11           B. Creditable service for former employees of  
12           any Superior Court within a county which elects  
13           to adopt this section who retired after July 1,  
14           1976, shall be determined as if all their service  
15           had been rendered as state employees.

16           4. Additional funds. If, after review by the ac-  
17           tuary of the retirement system, it is determined that  
18           additional funds are required to finance in full the  
19           accrued retirement benefits for employees described  
20           in this section:

21           A. The actuary shall estimate the amount of ad-  
22           ditional funds necessary to provide full retire-  
23           ment benefits for the period before July 1, 1976;  
24           and

25           B. The counties which have elected to adopt this  
26           section shall provide funds necessary to fulfill  
27           this obligation from the retirement allowance  
28           funds of those counties.

29                           SUBCHAPTER III

30                           ESTABLISHMENT AND ADMINISTRATION

31           §17101. Establishment

32           1. Purpose. There is established a retirement  
33           system, under the supervision of the board, for the  
34           purpose of providing retirement allowances and other  
35           benefits under this Part for employees.

1           2. Name. The retirement system shall be known as  
2 the "Maine State Retirement System" and by that name  
3 all of its business shall be transacted, all of its  
4 funds invested and all of its cash and securities and  
5 other property held in trust for the purpose for  
6 which received.

7           3. Date of establishment. The date of establish-  
8 ment of the retirement system is:

9           A. July 1, 1942, for all employees who were em-  
10 ployed by the State before July 1, 1947;

11           B. July 1, 1947, for employees employed for the  
12 first time after July 1, 1947;

13           C. July 1, 1947, for all teachers employed as  
14 teachers before July 1, 1947;

15           D. The date of participation set by the partici-  
16 parting local district under section 18201; or

17           E. The date on which contributions were first  
18 made to any retirement system supported in whole  
19 or in part by the State, for all other employees.

20           4. Corporation. The retirement system shall have  
21 the powers and privileges of a corporation.

22           §17102. Board of trustees

23           1. Composition. The Board of Trustees of the  
24 Maine State Retirement System, established by section  
25 12004, subsection 7, shall be composed of 8 trustees,  
26 as follows:

27           A. The Treasurer of State or, as his designee,  
28 the Deputy Treasurer of State, ex officio, as a  
29 nonvoting trustee;

30           B. A person duly elected by the Maine Teachers'  
31 Association;

32           C. A member duly elected by the Maine State Em-  
33 ployees' Association;



1 D. Three persons appointed by the Governor and  
2 subject to review by the joint standing committee  
3 of the Legislature having jurisdiction over  
4 aging, veterans and retirement and to confirma-  
5 tion by the Legislature:

6 (1) At least 2 of whom shall be qualified  
7 through training or experience in the field  
8 of investments, accounting, banking, insur-  
9 ance or law; and

10 (2) One of whom shall be selected from a  
11 list of 3 nominees submitted by the Maine  
12 Retired Teachers' Association;

13 E. A person who is a member of the retirement  
14 system through a participating local district and  
15 who shall be appointed by the governing body of  
16 the Maine Municipal Association; and

17 F. A person who is the recipient of a retirement  
18 allowance through the retirement system and who  
19 shall be selected by the members of the board se-  
20 lected under paragraphs A to E from a list or  
21 lists of nominees submitted by retired state em-  
22 ployees, retired participating local district em-  
23 ployees or by a committee comprised of represen-  
24 tatives of those groups.

25 2. Chairman. The board shall elect from its mem-  
26 bership a chairman.

27 3. Term. The terms of the trustees shall be de-  
28 termined as follows.

29 A. Each trustee, except the Treasurer of State,  
30 shall serve a term of 3 years.

31 B. A trustee shall continue to serve after the  
32 expiration of his term until a successor is ap-  
33 pointed and qualified, but the trustee's continu-  
34 ation as a trustee does not change the expiration  
35 date of the trustee's term.

36 C. The term of a trustee appointed to succeed a  
37 trustee whose term has expired shall begin on the  
38 day after the expiration date of the 3-year term

1 of the previous trustee, regardless of the effec-  
2 tive date of the new appointment.

3 D. Appointments to any vacancy caused by death,  
4 resignation or ineligibility shall be for the un-  
5 expired portion of the term.

6 4. Oath. Each trustee shall, within 10 days af-  
7 ter his appointment or election, take an oath of of-  
8 fice to faithfully discharge the duties of a trustee,  
9 in the form prescribed by the Constitution of Maine.

10 A. The oath shall be subscribed to by the trust-  
11 ee making it.

12 B. The oath shall be certified by the officer  
13 before whom it was taken and immediately filed in  
14 the office of the Secretary of State.

15 5. Transaction of business. The transaction of  
16 business by the board shall be governed as follows.

17 A. Four trustees shall constitute a quorum for  
18 the transaction of any business.

19 B. Each voting trustee is entitled to one vote.

20 C. Four votes are necessary for any resolution  
21 or action by the board at any meeting of the  
22 board.

23 6. Compensation. The trustees shall be compen-  
24 sated, as provided in chapter 379, from the funds of  
25 the retirement system.

26 7. Expenses. The necessary expenses incurred by  
27 the board in the operation of the retirement system  
28 shall be paid from the funds so allocated.

29 8. Legal advisor. The Attorney General or an as-  
30 stant designated by the Attorney General shall be  
31 legal advisor to the board.

32 9. Record. The board shall keep a record of all  
33 its proceedings, which:

1 A. Shall comply with the requirements of section  
2 8056, subsection 5 and sections 9059 and 9061, to  
3 the extent those laws are applicable; and

4 B. Shall be open to public inspection.

5 10. Reports. The board shall publish annually  
6 for each fiscal year:

7 A. A report showing the fiscal transactions of  
8 the retirement system for the fiscal year and the  
9 assets and liabilities of the retirement system  
10 at the end of the fiscal year; and

11 B. The actuary's report on the actuarial valua-  
12 tion of the financial condition of the retirement  
13 system for the fiscal year.

14 §17103. Duties of the board of trustees

15 In addition to other duties set out in this Part,  
16 the board shall have the following duties.

17 1. Operation of retirement system. The board  
18 shall have responsibility for the proper operation of  
19 the retirement system and for making this Part effec-  
20 tive.

21 2. Policy-making and supervision. The board  
22 shall formulate policies and exercise general super-  
23 vision under this Part.

24 3. Meeting. The board shall meet at least once  
25 in each month for the transaction of such business as  
26 may properly come before it.

27 4. Rules. Subject to the limitations of this  
28 Part, and subject to the requirements of chapter 375,  
29 subchapter II, to the extent those requirements are  
30 applicable, the board shall, from time to time, es-  
31 tablish rules for the administration of the funds  
32 created by this Part and for the transaction of busi-  
33 ness, including rules establishing the requirements  
34 for a beneficiary to qualify as a full-time student.

35 5. Determination of employee. In all cases of  
36 doubt, the board shall determine whether any person  
37 is an employee.

1           6. Rights, credits and privileges; decisions.  
2 The board shall in all cases make the final and de-  
3 termining administrative decision in all matters af-  
4 fecting the rights, credits and privileges of all  
5 members of the retirement system whether in partici-  
6 partating local districts or in the state service.

7           7. Administrative and financial decisions. The  
8 board shall make the final decision on all matters  
9 pertaining to administration, actuarial assumptions,  
10 actuarial recommendations and the reserves and the  
11 investments of the retirement system.

12           A. Where the decision is related to or results  
13 in rules, rules shall be adopted as provided in  
14 subsection 4.

15           B. Where the decision determines the rights,  
16 credits or privileges of an individual member or  
17 group of members, the determination shall be con-  
18 sidered an adjudicatory proceeding under chapter  
19 375, subchapter IV and shall be made only after  
20 the giving of notice as required in that subchap-  
21 ter and after hearing if a hearing is requested  
22 by a person whose rights, credits or privileges  
23 are to be determined. Any hearing shall be con-  
24 ducted in accordance with the provisions of chap-  
25 ter 375.

26           8. Executive director. The board shall appoint  
27 an executive director.

28           9. Review of statutory amendments. The board  
29 shall review all amendments to this Part that are  
30 proposed to be enacted by the Legislature and shall  
31 report to the proper legislative committee or author-  
32 ity on the impact of each of those amendments on the  
33 retirement system.

34           A. The report shall state the impact of each  
35 amendment on all aspects of the retirement sys-  
36 tem, including the amendment's purposes, the re-  
37 sulting equitable or inequitable treatment of  
38 members, the funding of the costs of benefits,  
39 the amendment's consistency with other provisions  
40 of this Part and the value of the amendment to  
41 the retirement system.

1 B. The report shall also include a separate  
2 evaluation of each amendment by the actuary.

3 10. Review of special resolves. The board shall  
4 review, in the manner described in subsection 9, all  
5 special resolves or other legislation which propose  
6 to grant benefits to be paid to any person by the re-  
7 retirement system and to which the person would not be  
8 entitled under the provisions of this Part but for  
9 the enactment of the special resolve or other legis-  
10 lation.

11 11. Report to Legislature. The board shall make  
12 a written report to the appropriate legislative com-  
13 mittee on or before the 15th of January each year  
14 which shall contain:

15 A. A discussion of any areas of policy or admin-  
16 istration which, in the opinion of the board,  
17 should be brought to the attention of the commit-  
18 tee; and

19 B. Any proposed legislation amending the retire-  
20 ment system law which the board recommends to im-  
21 prove the retirement system.

22 §17104. Powers of the board of trustees

23 In addition to other powers set forth in this  
24 Part, the board may employ or contract with persons  
25 for investment counsel or advice and for other ex-  
26 pert, professional or other assistance as may be ap-  
27 propriate to aid in carrying out the board's func-  
28 tions.

29 §17105. Executive director

30 1. Duties. In addition to other duties set out  
31 in this Part, the executive director, as appointed  
32 under section 17103, subsection 8, shall have the  
33 following duties.

34 A. The executive director shall have administra-  
35 tive responsibility for the retirement system,  
36 including responsibility for the approval of the  
37 payment of all benefits under this Part.

1           B. The executive director shall obtain whatever  
2           services are required to transact the business of  
3           the retirement system.

4           C. The executive director shall keep in conven-  
5           ient form whatever data are necessary for actu-  
6           arial valuation of the various funds of the re-  
7           irement system and for checking the experience  
8           of the retirement system.

9           D. Whenever the executive director determines  
10           that a fraud, attempted fraud or a violation of  
11           law in connection with funds administered by the  
12           retirement system may have occurred, the execu-  
13           tive director shall:

14                   (1) Report in writing all information concern-  
15                   ing the fraud or violation to the Attor-  
16                   ney General or the Attorney General's desig-  
17                   nee for such action as he may deem appropri-  
18                   ate, including civil action for recovery of  
19                   funds and criminal prosecution by the Attor-  
20                   ney General; and

21                   (2) Upon request of the Attorney General  
22                   and in such a manner as the Attorney General  
23                   deems appropriate, assist in the recovery of  
24                   funds.

25           E. The executive director shall cause to be de-  
26           livered to each participating local district a  
27           written notice setting forth the amendments or  
28           additions to this Part and shall require from  
29           each participating local district an acknowledg-  
30           ment of receipt of that notice.

31           F. Upon discovery of any error in any record of  
32           the retirement system, the executive director  
33           shall, to the extent practicable, correct the  
34           record.

35           2. Powers. In addition to other powers granted  
36           to the executive director by this Part, the executive  
37           director shall have the following powers.

38           A. The executive director may request from the  
39           head of any department information required to

1 administer this Part and, upon such a request,  
2 the head of the department shall promptly furnish  
3 the information requested.

4 B. Whenever the executive director finds it im-  
5 possible or impracticable to consult an original  
6 record to determine the date of birth, length of  
7 service, amount of regular compensation or other  
8 pertinent fact with regard to any member, the ex-  
9 ecutive director may, subject to the approval of  
10 the actuary, use estimates on any basis which, in  
11 the executive director's judgment, is fair and  
12 just.

13 3. Staff. The personnel staff of the executive  
14 director:

15 A. Shall be considered state employees and shall  
16 be subject to all the provisions of state law re-  
17 garding state employees;

18 B. Shall be employed under the rules established  
19 by the Personnel Board; and

20 C. Shall receive such compensation as is pro-  
21 vided by the rules of the Personnel Board for  
22 state employees in similar capacities.

23 4. Expenses. The necessary expenses incurred by  
24 the executive director in the operation of the re-  
25 irement system shall be paid from the funds so allo-  
26 cated.

27 §17106. Medical board

28 1. Establishment. The board shall designate a  
29 medical board to be composed of 3 physicians not eli-  
30 gible to participate in the retirement system.

31 2. Other physicians. If required, other physi-  
32 cians may be employed to report on special cases.

33 3. Powers and duties. The medical board shall  
34 review the file of each applicant for disability re-  
35 irement and shall:

- 1           A. Recommend an additional medical review in  
2           those instances where there are conflicting medi-  
3           cal opinions;
- 4           B. Recommend additional medical tests to be per-  
5           formed on an applicant to obtain objective evi-  
6           dence of a permanent disability;
- 7           C. Assist the executive director in determining  
8           if a disability review of a recipient of a dis-  
9           ability allowance is warranted; and
- 10          D. Inform the executive director and board in  
11          writing of its view as to the existence of a dis-  
12          ability entitling an applicant to benefits under  
13          chapter 423, subchapter V, article 3 or chapter  
14          425, subchapter V, article 3.

15          §17107. Actuary

16           1. Designation. The board shall designate an ac-  
17           tuary who shall be the technical advisor to the board  
18           on matters regarding the operation of the funds cre-  
19           ated by this Part.

20           A. If the designated actuary is an individual,  
21           he must be a Fellow of the Society of Actuaries.

22           B. If the designated actuary is an organization  
23           of actuaries, the organization shall designate  
24           one of its members, who must be a Fellow of the  
25           Society of Actuaries, to perform the functions  
26           required of the actuary under this Part.

27           2. Duties. In addition to other duties set out  
28           in this Part, the actuary shall have the following  
29           duties.

30           A. The actuary shall perform whatever duties are  
31           required in connection with being the technical  
32           advisor to the board on matters regarding the op-  
33           eration of the funds created by this Part.

34           B. The actuary shall certify the amounts of the  
35           benefits payable under this Part, except for ben-  
36           efits payable under chapter 423, subchapter VI  
37           and chapter 425, subchapter VI.



1 C. The actuary shall make annual valuations of  
2 the assets and liabilities of the retirement sys-  
3 tem on the basis of actuarial assumptions adopted  
4 by the board.

5 D. The actuary shall furnish a written report to  
6 the board.

7 (1) The report shall include information on  
8 each annual valuation, as required under  
9 paragraph C.

10 (2) The report shall include an analysis of  
11 the year's operations and all results shall  
12 be separated between those applicable to  
13 benefits payable by employer contributions  
14 and those applicable to benefits payable by  
15 employee contributions, where properly de-  
16 terminable.

17 E. The actuary shall make whatever investiga-  
18 tions he deems necessary of the experience of the  
19 retirement system with respect to the factors  
20 which affect the cost of the benefits provided by  
21 the retirement system.

22 (1) The purpose of the investigations is to  
23 determine the actuarial assumptions to be  
24 recommended to the board for adoption in  
25 connection with actuarial determinations re-  
26 quired under this Part.

27 (2) These investigations shall be made as  
28 frequently as the actuary deems expedient,  
29 but shall be made at least once in each  
30 3-year period following January 1, 1976.

31 F. The actuary shall determine the equivalent  
32 cash compensation value to the members of the re-  
33 retirement system of the benefits provided for them  
34 by the retirement system and shall furnish that  
35 information to the Commissioner of Personnel.

36 §17108. Investment counsel

37 1. Contract. The board may contract with one or  
38 more fiduciaries or registered investment advisors.

1 All contracts with fiduciaries or registered invest-  
2 ment advisors must have the approval of the Governor.

3 2. Duties. The fiduciary or registered invest-  
4 ment advisor has the following duties.

5 A. The fiduciary or registered investment advi-  
6 sor shall invest and reinvest the funds of the  
7 retirement system in accordance with the stan-  
8 dards defined in Title 18-A, section 7-302. The  
9 investment and reinvestment shall be subject to  
10 periodic review by the board.

11 B. The fiduciary or registered investment advi-  
12 sor shall inform the board immediately of any  
13 changes in its investment philosophy.

14 C. The fiduciary or registered investment advi-  
15 sor shall submit reports of the investments and  
16 any changes upon request from the board.

17 3. Expenses. The expenses incurred in employing  
18 one or more fiduciaries or investment advisors shall  
19 be charged to earnings received from investments of  
20 the retirement system.

21 §17109. Other counsel and assistance

22 1. Contract. The board may employ or contract  
23 for the services of persons or associations, other  
24 than those contracted with under section 17108, for  
25 investment counsel or advice and for other profes-  
26 sional or other assistance, as may be necessary or  
27 appropriate to aid in carrying out the board's func-  
28 tions.

29 2. Expenses. The expenses incurred in employing  
30 or contracting with persons or associations under  
31 subsection 1 shall be charged to earnings received  
32 from investments of the retirement system.

33 §17110. Custodial care of securities

34 1. Contract or agreement. The board may enter  
35 into a contract or agreement with any national bank,  
36 trust company or safe deposit company for custodial  
37 services for the securities belonging to any fund of  
38 the retirement system and other related services.

1 A. A contracting bank performing services under  
2 a contract or agreement pursuant to this section  
3 shall comply with Title 9-B, section 623.

4 B. The contracting bank shall give assurance of  
5 proper safeguards, which are usual to contracts  
6 such as these.

7 C. The contracting bank shall furnish insurance  
8 protection satisfactory to both parties.

9 D. All contracts or agreements entered into be-  
10 tween the board and the custodian bank, trust  
11 company or safe deposit company selected by the  
12 board must have the approval of the Governor.

13 2. Payment for services. The board may arrange  
14 for the payment of services rendered under this sec-  
15 tion:

16 A. By cash payments to be charged pro rata to  
17 the income of the several funds of the retirement  
18 system;

19 B. By an agreement for a compensating deposit  
20 balance with the bank in question in lieu of the  
21 cash payment under paragraph A; or

22 C. By some combination of the methods of payment  
23 in paragraphs A and B.

24 3. Withdrawal or deposit. The executive direc-  
25 tor, or another person or persons designated to the  
26 custodian by the board, may withdraw securities from  
27 or deposit securities with the custodian as circum-  
28 stances may require, except that all withdrawals or  
29 delivery instructions must bear the written approval  
30 of 2 other persons duly authorized by a resolution of  
31 the board.

32 SUBCHAPTER IV

33 FINANCING

34 ARTICLE 1. GENERAL PROVISIONS

35 §17151. Legislative findings and intent

1           1. Findings. The Legislature finds that the  
2 State owes a great debt to its retired employees for  
3 their years of faithful and productive service.

4           A. Part of that debt is repaid by the benefits  
5 provided to retirees through the Maine State Re-  
6 irement System.

7           B. Retirees, who depend heavily on these benef-  
8 its, and current employees, who will one day re-  
9 tire and receive benefits, are concerned about  
10 the financial viability of the retirement system.

11           2. Intent. It is the intent of the Legislature  
12 that there shall be appropriated and transferred an-  
13 nually to the retirement system the funds necessary  
14 to meet the system's long-term and short-term finan-  
15 cial obligations based on the actuarial assumptions  
16 established by the board upon the advice of the actu-  
17 ary.

18           A. The goal of the actuarial assumptions shall  
19 be to achieve a fully funded retirement system.

20           B. The retirement system's unfunded liability  
21 for persons formerly subject to the Maine Revised  
22 Statutes of 1944, chapter 37, sections 212 to 220  
23 shall be repaid to the system from annual appro-  
24 priations over the funding period of the retire-  
25 ment system.

26           C. This section may not be construed to require  
27 the State to appropriate and transfer funds to  
28 meet the obligations of participating local dis-  
29 tricts to the retirement system.

30           §17152. Funds

31           All of the assets of the retirement system shall  
32 be credited according to the purpose for which they  
33 are held among 5 funds, namely:

34           1. Members' Contribution Fund. The Members' Con-  
35 tribution Fund;

36           2. Retirement Allowance Fund. The Retirement Al-  
37 lowance Fund;

1           3. Expense Fund. The Expense Fund;

2           4. Survivors' Benefit Fund. The Survivors' Bene-  
3 fit Fund; and

4           5. State Retiree Health Insurance Fund. The  
5 State Retiree Health Insurance Fund.

6           §17153. Board of trustees

7           1. Actuarially sound basis. The board shall cal-  
8 culate the funds necessary to maintain the retirement  
9 system on an actuarially sound basis, including the  
10 unfunded liability arising from payment of benefits  
11 for which contributions were not received and shall  
12 transmit those calculations to the State Budget Offi-  
13 cer as required by chapter 149.

14           A. The Legislature shall appropriate and trans-  
15 fer those funds annually.

16           B. This subsection may not be construed to re-  
17 quire the State to appropriate and transfer funds  
18 to meet the obligations of participating local  
19 districts to the retirement system.

20           2. Trustee of funds. The members of the board  
21 shall be the trustees of the several funds created by  
22 this Part.

23           3. Investment of funds. The board may cause the  
24 funds created by this Part to be invested and rein-  
25 vested in accordance with the standards defined in  
26 Title 18-A, section 7-302, subject to periodic ap-  
27 proval of the investment program by the board.

28           4. Prohibitions. In addition to the limitations  
29 of section 18 and except as otherwise provided, no  
30 trustee and no employee of the board of trustees may:

31           A. Have any direct interest in the gains or  
32 profits of any investment made by the board;

33           B. Directly or indirectly, for himself or as an  
34 agent, in any manner, use the gains or profits of  
35 any investment made by the board except to make  
36 whatever current and necessary payments are au-  
37 thorized by the board; or

1           C. Become an endorser, surety or obligor for  
2           money loaned to or borrowed from the board.

3           §17154. Administration of funds

4           1. Custodian. Except as otherwise provided, the  
5           Treasurer of State shall be the custodian of the  
6           funds of the retirement system.

7           2. Budget estimates. The board shall submit bud-  
8           get estimates to the State Budget Officer in accord-  
9           ance with section 1665.

10          3. Combination or elimination of funds. On the  
11          advice of the actuary of the retirement system, the  
12          board may combine or eliminate all or any parts of  
13          the funds set forth in this subchapter, except that  
14          any combination or elimination may not impair the ac-  
15          tuarial valuations.

16          4. Payment upon vouchers. Upon receipt of vouch-  
17          ers signed by a person or persons designated by the  
18          board, the State Controller shall draw a warrant on  
19          the Treasurer of State for the amount authorized. A  
20          duly attested copy of the resolution of the board  
21          designating those persons, and bearing on its face  
22          specimen signatures of those persons, shall be filed  
23          with the State Controller. The duly attested copy of  
24          the resolution shall be the State Controller's au-  
25          thority for making payments upon the vouchers.

26          5. Payment of employer charges for state employ-  
27          ees. For state employees, on every payroll from which  
28          retirement contributions are deducted, the State Con-  
29          troller shall cause a charge to be made to each de-  
30          partment of the State in order to pay employer costs.

31          A. The charge shall be a percentage, to be pre-  
32          determined by the actuary and approved by the  
33          board, of the total gross salaries of members ap-  
34          pearing on the payroll of each department.

35          B. The amount or amounts shall be credited to  
36          the appropriate funds as listed in this subchap-  
37          ter.

1           6. Payment of employer charges for teachers. For  
2 teachers, percentage rates to be predetermined by the  
3 actuary and approved by the board shall be applied to  
4 the total gross salaries of members covering the most  
5 recent school year preceding the preparation of the  
6 biennial budget.

7           A. The resulting amount shall be appropriated  
8 and credited to the appropriate funds.

9           B. Notwithstanding this section, the employer  
10 retirement costs related to the retirement system  
11 applicable to those teachers whose funding is  
12 provided from federal grants or through federal  
13 reimbursement shall be paid by local school sys-  
14 tems from those federal funds.

15           7. Payment of employer charges for participating  
16 local district employees. Employer charges for par-  
17 ticipating local district employees are governed by  
18 sections 18301 to 18303.

19           §17155. Special resolves

20           If and when any special resolve or other legisla-  
21 tion described in section 17103, subsection 10, is  
22 enacted by the Legislature, the entire actuarial  
23 costs of benefits granted shall be fully funded by  
24 act of the same Legislature which enacts the special  
25 resolve or other legislation.

26           §17156. Rate of interest

27           The board shall, from time to time, by order, set  
28 the rate of regular interest at a percent rate com-  
29 pounded annually determined by the board to be equi-  
30 table, both to members and to the taxpayers of the  
31 State.

32           §17157. Interest and dividend credits

33           All interest and dividends earned on the funds of  
34 the retirement system shall be credited to the Re-  
35 retirement Allowance Fund.

36           1. Transfer to Members' Contribution Fund. The  
37 board shall allow annually regular interest on the

1 individual accounts of members in the Members' Con-  
2 tribution Fund and shall transfer those amounts from  
3 the Retirement Allowance Fund to the Members' Contri-  
4 bution Fund.

5 2. Transfer to Survivors' Benefit Fund. The  
6 board shall allow annually regular interest on the  
7 mean amount accumulated in the Survivors' Benefit  
8 Fund and shall transfer that amount of interest from  
9 the Retirement Allowance Fund to the Survivors' Bene-  
10 fit Fund.

11 §17158. Full funding

12 Upon full funding of the accrued unfunded re-  
13 serves of the Maine State Retirement System, the  
14 board of trustees may reduce employer contributions  
15 to the level required to maintain proper funding of  
16 earned benefits. The board of trustees may also seek  
17 legislative action to reduce employee contributions  
18 established by this Part.

19 ARTICLE 2. MEMBERS' CONTRIBUTION FUND

20 §17201. Establishment

21 The Members' Contribution Fund is established and  
22 it shall contain accumulated contributions deducted  
23 from the compensation of members.

24 §17202. Deduction adjustments

25 In order to facilitate the making of deductions,  
26 the board may modify the deduction required of any  
27 member by an amount that does not exceed 1/10 of 1%  
28 of the member's annual rate of earnable compensation.

29 §17203. Payroll deduction

30 1. Certification and deduction. The board shall  
31 certify to the chief administrative officer of each  
32 department, school and participating local district  
33 and the chief administrative officer shall cause to  
34 be deducted from the compensation of each member on  
35 each payroll of the department, school or participa-  
36 ting local district for each payroll period, the ap-  
37 propriate percentage of earnable compensation to be  
38 contributed.



1           2. Manner of deduction. The amounts deducted un-  
2 der subsection 1, when deducted, shall be:

3           A. Paid into the Members' Contribution Fund; and

4           B. Credited to the individual account of the  
5 member from whose compensation the deduction was  
6 made.

7           3. Member's consent. Every member shall be  
8 deemed to consent to allow the chief administrative  
9 officer of his department, school or participating  
10 local district to make deductions from the member's  
11 compensation to satisfy the member's required contri-  
12 bution to the retirement system.

13           4. Discharge of claims. Payment of compensation  
14 to a member, minus the deduction under this section,  
15 shall be a complete discharge of all claims and de-  
16 mands based on the services rendered by the member  
17 during the period covered by the payment, except for  
18 any claims or demands for the benefits provided under  
19 this Part.

20           5. Reduction of minimum compensation. The deduc-  
21 tions under this section shall be made notwithstand-  
22 ing that the minimum compensation provided for by law  
23 for any member is reduced by the deduction.

24           §17204. Contributions on member's own account

25           Any member in service may make contributions on  
26 his own account, in addition to the employee contri-  
27 butions required under this Part, to the Members'  
28 Contribution Fund, at a rate not in excess of 10% of  
29 earnable compensation for the purpose of increasing  
30 the amount of payment of the member's retirement al-  
31 lowance under any service retirement provision of  
32 this Part.

33           1. Rules. The board shall adopt rules governing  
34 this right of members to make additional contribu-  
35 tions.

36           2. Exception to 10% rule. Any member in service  
37 on January 1, 1976, and ineligible to make contribu-  
38 tions under sections 17754, 17763 and 18354 because

1 of the amendments of the predecessors of those sec-  
2 tions by Public Law 1975, chapter 622, may make what-  
3 ever additional contributions, at a rate in excess of  
4 10% of earnable compensation, as are necessary to  
5 provide an increased retirement allowance equal to  
6 any benefits to which the member would have been en-  
7 titled under the predecessors of sections 17754,  
8 17763 and 18354, as in effect immediately before Jan-  
9 uary 1, 1976.

10 §17205. Transfers of funds

11 1. Withdrawal or death. The contributions of a  
12 member plus whatever interest is allowed on the  
13 amount of the contributions, which is withdrawn by  
14 the member or is paid to his estate or to his desig-  
15 nated beneficiary upon the member's death, shall be  
16 paid from the Members' Contribution Fund.

17 2. Retirement. Upon the retirement of a member,  
18 his accumulated contributions shall be transferred  
19 from the Members' Contribution Fund to the Retirement  
20 Allowance Fund.

21 3. Death before eligibility for retirement. If a  
22 member dies before becoming eligible for retirement  
23 and benefits become payable under section 17953, sub-  
24 section 3, 4 or 5, his accumulated contributions  
25 shall be transferred from the Members' Contribution  
26 Fund to the Survivors' Benefit Fund.

27 4. Restoration to membership. If a beneficiary  
28 is restored to membership, the difference between the  
29 amount of accumulated contributions originally cred-  
30 ited to the Retirement Allowance Fund and the portion  
31 of the total retirement allowance payments made to  
32 him, which is the actuarial equivalent of the accumu-  
33 lated contributions originally credited, shall be  
34 transferred to the Members' Contribution Fund and  
35 credited to the member's individual account in that  
36 fund.

37 §17206. Statement of account

38 The executive director shall furnish to each mem-  
39 ber of the retirement system, upon request, a state-  
40 ment showing the amount of accumulated contributions

1 to the member's credit in his individual account in  
2 the Members' Contribution Fund.

3 ARTICLE 3. RETIREMENT ALLOWANCE FUND

4 §17251. Establishment

5 The Retirement Allowance Fund is established in  
6 which shall be accumulated all reserves required for  
7 the payment of benefits under this Part, other than  
8 reserves in the Members' Contribution Fund and the  
9 Survivors' Benefit Fund.

10 §17252. Employer contribution

11 On account of each member, the State and each  
12 participating local district shall pay annually into  
13 the Retirement Allowance Fund an amount equal to a  
14 certain percentage of the annual earnable compensa-  
15 tion of employees.

16 §17253. Employer contribution rate

17 The percentage rate of the employer contribution,  
18 described in section 17252, to be known as the "em-  
19 ployer contribution rate," shall be fixed on the ba-  
20 sis of the assets and liabilities of the retirement  
21 system as shown by actuarial valuation.

22 1. Computation. The employer contribution rate  
23 shall be determined as the percentage of the members'  
24 compensation payable during the members' periods of  
25 membership required to provide the difference between  
26 the total liabilities for retirement allowances not  
27 provided by the members' contributions and the amount  
28 of the assets in the Retirement Allowance Fund.

29 2. Manner of determination. The employer contri-  
30 bution rate shall be determined after each valuation  
31 based on actuarial assumptions adopted by the board  
32 and shall continue in force until a new valuation is  
33 made.

34 §17254. Minimum state contribution

35 The aggregate payment by the State into the Re-  
36 irement Allowance Fund for state employees and

1 teachers shall be at least sufficient, when combined  
2 with the amount in the Retirement Allowance Fund, to  
3 provide the benefits payable out of the fund during  
4 the current year.

5 ARTICLE 4. EXPENSE FUND

6 §17301. Establishment

7 The Expense Fund is established to which shall be  
8 credited all money provided by the State and the par-  
9 ticipating local districts to pay the administrative  
10 expenses of the retirement system and from which  
11 shall be paid all the expenses necessary to the ad-  
12 ministration and operation of the retirement system.

13 §17302. Administration of fund

14 1. Payment. Biennially the board shall estimate  
15 the amount of money which is deemed necessary to be  
16 paid into the Expense Fund during the upcoming bien-  
17 niun to provide for the expenses of operation of the  
18 retirement system and the State shall pay that amount  
19 to the Expense Fund for that purpose.

20 2. Unexpended balance. Any unexpended balance  
21 may not lapse but shall constitute a continuous car-  
22 rying account.

23 ARTICLE 5. SURVIVORS' BENEFIT FUND

24 §17351. Establishment

25 The Survivors' Benefit Fund is established in  
26 which shall be accumulated all reserves required for  
27 the payment of survivors' benefits as set forth in  
28 sections 17953, 18553 and 18556.

29 §17352. Survivors' contribution

30 On account of each member, the State and those  
31 participating local districts which have elected sur-  
32 vivor benefits shall pay annually into the Survivors'  
33 Benefit Fund an amount equal to a certain percentage  
34 of the annual earnable compensation of the member, to  
35 be known as the "survivors' contribution."

1     §17353. Survivors' contribution rate

2             The percentage rate of the survivors' contribu-  
3 tion, described in section 17352, shall be fixed on  
4 the basis of the liabilities established by sections  
5 17953, 18553 and 18556, as shown by actuarial valua-  
6 tion.

7             ARTICLE 6. STATE RETIREE HEALTH INSURANCE FUND

8     §17401. Establishment

9             The State Retiree Health Insurance Fund is estab-  
10 lished to which shall be credited all money provided  
11 by the State to pay premiums for group accident in-  
12 surance and group sickness or health insurance for  
13 persons eligible for these payments under section  
14 285, subsection 8.

15     §17402. Payment of premium

16             All premiums for group accident insurance or  
17 group sickness or health insurance paid by the re-  
18 irement system shall be paid from the State Retiree  
19 Health Insurance Fund.

20     §17403. Administration of fund

21             1. Estimate. Biennially the board shall estimate  
22 the amount of money which is deemed necessary to be  
23 paid into the State Retiree Health Insurance Fund  
24 during the upcoming biennium to provide for the pay-  
25 ment of state retirees' health insurance premiums and  
26 the State shall pay that amount to the State Retiree  
27 Health Insurance Fund for that purpose.

28             2. Unexpended balance. Any unexpended balance  
29 may not lapse but shall constitute a continuous car-  
30 rying account.

31                             SUBCHAPTER V

32                                     APPEALS

33     §17451. Appeals

1           1. Decision of executive director. Any person  
2 aggrieved by a decision or ruling of the executive  
3 director may appeal the decision or ruling to the  
4 board.

5           A. To appeal a person must apply in writing to  
6 the board within 30 days after receiving written  
7 notice of the executive director's decision or  
8 ruling.

9           B. In any appeal proceeding, the board may in-  
10 vestigate and consider all issues of fact or law,  
11 including the reasons for the decision or ruling  
12 of the executive director.

13           C. The appeal proceeding is an adjudicatory pro-  
14 ceeding within the meaning of chapter 375, sub-  
15 chapter IV.

16           D. The board shall complete the appeal proceed-  
17 ing within 90 days of receiving the written ap-  
18 plication for appeal.

19           2. Decision of board. Any person aggrieved by a  
20 decision or ruling of the board in an adjudicatory  
21 proceeding is entitled to judicial review of the de-  
22 cision or ruling in accordance with chapter 375, sub-  
23 chapter VII.

24                           CHAPTER 423

25                           STATE EMPLOYEES AND TEACHERS

26                           SUBCHAPTER I

27                           GENERAL PROVISIONS

28           §17601. Information from departments

29           1. State employees. The head of each department  
30 shall submit to the board, on behalf of the employee:

31           A. A statement showing the name, title, compen-  
32 sation, sex, date of birth and length of service  
33 of each member of the retirement system in that  
34 department and any other information required to  
35 administer this Part in the format specified by  
36 the executive director; and

1           B. A statement giving whatever information re-  
2 garding other employees in that department the  
3 board may require.

4           2. Teachers. Each superintendent or chief admin-  
5 istrator of a public school shall submit the informa-  
6 tion set out in subsection 1 to the board for all  
7 teachers.

8                               SUBCHAPTER II

9                                       MEMBERSHIP

10       §17651. Mandatory membership

11           All employees shall become members of the retire-  
12 ment system as a condition of their employment.

13       §17652. Optional membership

14           1. Elected and appointed officials. Membership  
15 in the retirement system is optional for elected of-  
16 icials or officials appointed for a fixed term.

17           2. Delayed election of membership. A person who  
18 elects not to join the retirement system at the be-  
19 ginning of his employment may at any time apply for  
20 and be admitted to membership.

21           A. A person who joins the retirement system un-  
22 der this subsection may not pay contributions on  
23 or receive any service credit for the period dur-  
24 ing which he elected not to be a member of the  
25 system.

26           B. Membership service credit for persons joining  
27 the retirement system under this subsection shall  
28 begin as of the effective date of first contribu-  
29 tions to the system.

30           C. This subsection applies to any member who be-  
31 gins membership after December 31, 1985.

32       §17653. Denial of membership rights

33           The board may, in its discretion, deny the right  
34 to become a member to:

1           1. Compensation partly paid by State. Any class  
2 of employees, except teachers, whose compensation is  
3 only partly paid by the State; or

4           2. Other than per annum payment. Any class of  
5 employees who are serving on a temporary basis or  
6 whose compensation is set on any basis other than a  
7 per annum basis.

8           §17654. Cessation of membership

9           A member ceases to be a member of the retirement  
10 system if the member:

11           1. Withdrawal. Withdraws his contributions;

12           2. Beneficiary. Becomes a beneficiary as a re-  
13 sult of the member's own retirement; or

14           3. Death. Dies.

15           §17655. Service in the Armed Forces

16           1. Membership continued. The membership of the  
17 following employees is considered to have continued  
18 during the period of the employee's service in the  
19 Armed Forces of the United States:

20           A. Any employee entering a class of service in  
21 the Armed Forces of the United States approved by  
22 resolution of the board, if the employee does not  
23 withdraw his contributions; and

24           B. Any employee who enlists in or is inducted or  
25 drafted into the service of the Armed Forces of  
26 the United States in time of war, including:

27           (1) During World War I between April 6,  
28 1917, and March 3, 1921; or

29           (2) While the United States Selective Ser-  
30 vice Act of 1948, Public Law 759, 80th Con-  
31 gress, or any of its amendments or exten-  
32 sions is in effect.

33           2. Other military benefits. Any employee who  
34 satisfies the criteria of subsection 1, paragraph B,  
35 is entitled to all the benefits of section 555.



1 §17656. Employment changes affecting membership

2 1. Reemployment with new employer. Membership of  
3 a member who is reemployed with a new employer is  
4 governed as follows:

5 A. Any member of the retirement system whose  
6 service is terminated as a state employee, teach-  
7 er or participating local district employee and  
8 who becomes employed as a state employee, teacher  
9 or participating local district employee with a  
10 new employer shall, if he has not previously  
11 withdrawn his accumulated contributions:

12 (1) Have his membership transferred to his  
13 account with the new employer; and

14 (2) Be entitled to all benefits which:

15 (a) Are based on creditable service  
16 and earnable compensation with the pre-  
17 vious employer and the provisions of  
18 this Part in effect with respect to the  
19 previous employer at the date of termi-  
20 nation of service by the member; and

21 (b) Do not require additional contri-  
22 butions by the new employer.

23 B. The new employer may elect to include the  
24 creditable service and earnable compensation of  
25 the member with the previous employer with the  
26 creditable service and earnable compensation with  
27 the new employer. If that election is made, the  
28 new employer shall make, from time to time, what-  
29 ever contributions are necessary to provide the  
30 benefits under the retirement system for the mem-  
31 ber as have accrued to the member by reason of  
32 his previous employment and as may accrue to the  
33 member by reason of his new employment.

34 C. All funds in the retirement system contrib-  
35 uted by his former employer on account of his  
36 previous employment shall be transferred to the  
37 account of the new employer and shall be used to  
38 liquidate the liability incurred by reason of the  
39 previous employment.

1       §17657. Federal employment

2           1. Membership in the retirement system. The fol-  
3 lowing persons are considered members of the retire-  
4 ment system if they make payments to the Members'  
5 Contribution Fund in the same amounts and during the  
6 same periods as other state employees have made to  
7 that fund:

8           A. Any person who was an employee on December  
9 31, 1941, and who was transferred to the federal  
10 employment service; and

11           B. Any person employed by the federal employment  
12 service after December 31, 1941, who subsequently  
13 became a state employee at or after the date on  
14 which the federal employment service was returned  
15 to the State as an operating unit.

16           2. Amounts due. Any person described in subsec-  
17 tion 1 may make up any amounts due to the Members'  
18 Contribution Fund.

19           3. Rights and benefits. Any person described in  
20 subsection 1 is entitled to all the rights and bene-  
21 fits which he could have accrued if he had been em-  
22 ployed by the State.

23       §17658. Maine National Guard

24           1. Membership in the retirement system. Any per-  
25 son who was an employee on December 31, 1941, and who  
26 later transferred to the Maine National Guard and was  
27 employed under the National Defense Act of June 3,  
28 1916, section 90, is considered a member of the re-  
29 irement system if he makes payments to the Members'  
30 Contribution Fund in the same amounts and during the  
31 same periods as other state employees have made to  
32 that fund.

33           2. Amounts due. Any person described in subsec-  
34 tion 1 may make up any amounts due to the Members'  
35 Contribution Fund.

36           3. Rights and benefits. Any person described in  
37 subsection 1 is entitled to all the rights and bene-  
38 fits which he could have accrued if he had been em-  
39 ployed by the State.

1 SUBCHAPTER III

2 CONTRIBUTIONS

3 §17701. Member contributions

4 Each member shall contribute to the retirement  
5 system at a rate of 6.5% of earnable compensation,  
6 except as otherwise provided in this Part.

7 §17702. State payment of member share in lieu of  
8 member contribution

9 Notwithstanding any other provision in this Part,  
10 the State may agree to provide for members, through a  
11 collective bargaining contract, and the Legislative  
12 Council may agree to provide, for approved legisla-  
13 tive employees, payment for a member's mandatory con-  
14 tribution to the Maine State Retirement System, as  
15 established by section 17701, instead of deducting  
16 the contribution from the member's compensation.

17 1. Retirement Allowance Fund. Payments made,  
18 whether through a collective bargaining contract or  
19 through Legislative Council action, shall be accumu-  
20 lated in the Retirement Allowance Fund.

21 2. Manner of payment. Payments shall be made in  
22 the same manner and on the basis as contributions de-  
23 ducted from the member's compensation under sections  
24 17201, 17202 and 17203.

25 3. Refundability. Contributions made by the  
26 State on behalf of a member under this section may  
27 not be refunded if the member withdraws from member-  
28 ship, terminates service or dies.

29 4. Percentage rate. When the State pays for a  
30 member's mandatory contribution, as authorized by  
31 this section, the percentage rate paid by the State  
32 shall be that rate, determined by the actuary and ap-  
33 proved by the board, which provides the same net rev-  
34 enues to the retirement system as the applicable man-  
35 datory rate paid by the member.

36 §17703. Former members

1           Any former member who withdrew his contributions  
2 after termination of service and who again becomes a  
3 member may repay his earlier contributions to the  
4 Members' Contribution Fund under the following condi-  
5 tions.

6           1. Time. The repayment may not be made until at  
7 least 2 years after the date of restoration to mem-  
8 bership and must be made before the date any retire-  
9 ment benefit becomes effective for the member.

10           2. Manner of repayment. The repayment may be  
11 made to the retirement system by direct payment or by  
12 an increased rate of contribution through payroll de-  
13 duction.

14           3. Amount of repayment. The amount of repayment  
15 must be equal to the accumulated contributions with-  
16 drawn by the person plus interest on the amount of  
17 those accumulated contributions, beginning on the  
18 date of withdrawal to the date the repayment or re-  
19 payments are made, at a rate, to be set by the board,  
20 not to exceed regular interest by 5 or more percent-  
21 age points.

22           §17704. Back contributions

23           Any member who did not become a member on the  
24 date of his first employment may elect to pay into  
25 the Members' Contribution Fund under the following  
26 conditions.

27           1. Time. The payment must be made before the  
28 date any retirement benefit becomes effective for the  
29 member.

30           2. Manner of payment. The payment may be made to  
31 the retirement system by direct payment or by an in-  
32 creased rate of contribution through payroll deduc-  
33 tion.

34           3. Amount of payment. The amount of payment must  
35 be equal to the contributions that the member would  
36 have paid had he been a member during the entire pe-  
37 riod from the date of first employment to the date of  
38 becoming a member plus interest at a rate, to be set  
39 by the board, not to exceed regular interest by 5 or

1 more percentage points. Interest shall be computed  
2 beginning the end of the year when those contribu-  
3 tions would have been made or beginning July 1, 1957,  
4 whichever is later, to the date of payment.

5 4. Applicability. This section does not apply to  
6 any member who begins membership after December 31,  
7 1985, and who had, in accordance with section 17652,  
8 elected not to become a member when first employed.

9 §17705. Refund of contributions

10 If the service of any member has terminated, ex-  
11 cept by death or by retirement under this Part, the  
12 member shall be paid the amount of his accumulated  
13 contributions, under the following conditions.

14 1. Application. The member must properly apply  
15 for a refund of contributions.

16 2. Manner of payment. Payment shall be made af-  
17 ter termination of service and not less than 22 days  
18 nor more than 37 days after receipt of the applica-  
19 tion and receipt of the last payroll upon which the  
20 name of the member appears, whichever occurs later.

21 3. Interest. No interest may be added to the  
22 member's account for any period beyond the 5th anni-  
23 versary of the date of the member's termination of  
24 service if the member has less than 10 years of cred-  
25 itable service.

26 4. Return to service. An application for refund  
27 is void if the member filing the application returns  
28 to service as a state employee or teacher before is-  
29 suance of the payment.

30 5. Applicability. Only contributions made by a  
31 particular member may be refunded to that member un-  
32 der this section.

33 §17706. Inactive accounts

34 Any member account in the retirement system which  
35 has been inactive for 10 or more years, and which has  
36 a balance of contributions under \$100, may be trans-  
37 ferred by the executive director to the Retirement  
38 Allowance Fund.

1           1. Restoration to service. Any former member who  
2 is restored to service may have any contributions and  
3 interest transferred under this section restored to  
4 that member's credit.

5           2. Refunds. Any former member who applies for a  
6 refund of contributions and interest transferred un-  
7 der this section shall be paid that refund in accord-  
8 ance with section 17705.

9           §17707. CETA service

10           1. Definitions. As used in this section, unless  
11 the context otherwise indicates, the following terms  
12 have the following meanings.

13           A. "CETA employee" means an employee enrolled in  
14 a program under the United States Comprehensive  
15 Employment and Training Act of 1973, as amended.

16           B. "Employer" means the State or the participa-  
17 ting local district with which the CETA employee  
18 is placed for training and employment.

19           C. "Prime sponsor" means the CETA prime sponsor,  
20 a unit of government responsible for planning and  
21 operating all CETA programs within the geographic  
22 jurisdiction encompassed by that unit of govern-  
23 ment.

24           2. Eligibility for membership. CETA employees  
25 are considered eligible for membership in the retire-  
26 ment system from the date of their enrollment in a  
27 CETA program, whether or not they become members.

28           3. Employer's contributions. Employer's contri-  
29 butions are governed as follows.

30           A. Notwithstanding this subchapter, subchapter  
31 II and chapter 421, subchapter IV, neither the  
32 State nor a participating local district is re-  
33 quired to contribute to the retirement system for  
34 CETA employees.

35           B. If an employee elects, under section 17761,  
36 to purchase his CETA time for past creditable  
37 service, the employee's CETA prime sponsor shall

1           then pay to the retirement system an amount equal  
2           to the employer's contribution, plus regular in-  
3           terest, for the employee's CETA time, using only  
4           CETA funds.

5           4. Employee's contributions. Employee's contri-  
6           butions are governed as follows.

7           A. Notwithstanding section 17701, a CETA employ-  
8           ee is not required to contribute to the retire-  
9           ment system.

10          B. A CETA employee may contribute during his pe-  
11          riod of CETA employment or may defer contribu-  
12          tions until his post-CETA employment status is  
13          known.

14          C. If an employee who has not contributed during  
15          his CETA employment or who has withdrawn his con-  
16          tributions later elects, under section 17761, to  
17          purchase his CETA time for past creditable ser-  
18          vice, the employee shall pay to the retirement  
19          system an amount equal to the employee's contri-  
20          butions, plus interest, as provided under section  
21          17704.

22          5. Return of contributions. Any CETA employee  
23          who contributed to the retirement system during his  
24          CETA employment and who does not meet the require-  
25          ments of section 17761, shall be refunded his employ-  
26          ee contributions, plus regular interest, upon request  
27          to the retirement system.

28          §17708. State police

29          1. Definition. As used in this section, unless  
30          the context otherwise indicates, the term "state po-  
31          lice officer" means:

32          A. A member of the State Police;

33          B. The Chief of the State Police; or

34          C. A member of the State Police or Chief of the  
35          State Police who is appointed Commissioner of  
36          Public Safety.

1           2. Before September 1, 1984. A state police of-  
2 ficer who was first employed by that department after  
3 July 9, 1943, but before September 1, 1984, shall  
4 contribute to the retirement system as follows:

5           A. At a rate of 7.5% of earnable compensation  
6 until he has completed 20 years of creditable  
7 service, as required under section 17851, subsec-  
8 tion 4, paragraph A; and

9           B. After completing the service described in  
10 paragraph A, at a rate of 6.5% of earnable com-  
11 penetration for the remainder of his employment as  
12 a state police officer.

13           3. After August 31, 1984. A state police officer  
14 who was first employed by that department after Au-  
15 gust 31, 1984, shall contribute to the retirement  
16 system as follows:

17           A. At a rate of 7.5% of earnable compensation  
18 until he has completed 25 years of creditable  
19 service, as required under section 17851, subsec-  
20 tion 4, paragraph B; and

21           B. After completing the service described in  
22 paragraph A, at a rate of 6.5% of earnable com-  
23 penetration for the remainder of his employment as  
24 a state police officer.

25           §17709. Inland Fisheries and Wildlife officers

26           A law enforcement officer in the Department of  
27 Inland Fisheries and Wildlife who was first employed  
28 in that capacity before September 1, 1984, shall con-  
29 tribute to the retirement system as follows:

30           1. 7.5% rate. At a rate of 7.5% of earnable com-  
31 penetration until he has completed 20 years of credit-  
32 able service, as required under section 17851, sub-  
33 section 5; and

34           2. 6.5% rate. After completing the service de-  
35 scribed in paragraph A, at a rate of 6.5% of earnable  
36 compensation for the remainder of his employment in  
37 that capacity.



1     §17710. Marine Resources officers

2           1. Before September 1, 1984. A law enforcement  
3 officer in the Department of Marine Resources who was  
4 first employed in that capacity before September 1,  
5 1984, shall contribute to the retirement system as  
6 follows:

7           A. At a rate of 7.5% of earnable compensation  
8 until he has completed 20 years of creditable  
9 service, as required under section 17851, subsec-  
10 tion 6; and

11           B. After completing the service described in  
12 paragraph A, at a rate of 6.5% of earnable com-  
13 penensation for the remainder of his employment in  
14 that capacity.

15           2. Commissioner or deputy commissioner. A com-  
16 missioner or deputy commissioner of the Department of  
17 Marine Resources may elect to contribute as a member  
18 under section 17701, rather than under this section,  
19 if he files a written copy of the election of his  
20 choice with the board.

21     §17711. Forest rangers

22           A forest ranger in the Bureau of Forestry, De-  
23 partment of Conservation, who was first employed in  
24 that capacity before September 1, 1984, shall con-  
25 tribute to the retirement system as follows:

26           1. 7.5% rate. At a rate of 7.5% of earnable com-  
27 penensation until he has met the requirements for eli-  
28 gibility for retirement under section 17851, subsec-  
29 tion 8; and

30           2. 6.5% rate. After meeting the eligibility re-  
31 quirements for retirement, at a rate of 6.5% of earn-  
32 able compensation for the remainder of his employment  
33 as a forest ranger.

34     §17712. Maine State Prison employees

35           1. Before September 1, 1984. An employee of the  
36 Maine State Prison who holds a position described in  
37 section 17851, subsection 11, and who was first em-

1 ployed in one of those capacities before September 1,  
2 1984, shall contribute to the retirement system as  
3 follows:

4 A. At a rate of 7.5% of earnable compensation  
5 until he has met the eligibility requirements for  
6 retirement under section 17851, subsection 11,  
7 paragraph A; and

8 B. After meeting the eligibility requirements  
9 for retirement, at a rate of 6.5% of earnable  
10 compensation for the remainder of his employment  
11 in one or more of those capacities.

12 2. After August 31, 1984. An employee of the  
13 Maine State Prison who was first employed after Au-  
14 gust 31, 1984, in a position described in section  
15 17851, subsection 11, shall contribute to the retire-  
16 ment system as follows:

17 A. At a rate of 7.5% of earnable compensation  
18 until he has completed 25 years of creditable  
19 service in one or more of those capacities; and

20 B. After completing the service described in  
21 paragraph A, at a rate of 6.5% of earnable com-  
22 penetration for the remainder of his employment in  
23 one or more of those capacities.

24 §17713. Armed forces

25 1. Service after becoming a member. For employ-  
26 ees who qualify to have their membership in the re-  
27 retirement system continued under section 17655, sub-  
28 section 1, because of service in the Armed Forces of  
29 the United States, the State shall contribute to the  
30 Members' Contribution Fund the same amount that the  
31 member would have been required to contribute, if the  
32 member had been serving the State during the period  
33 of service in the armed forces in the same capacity  
34 in which the employee was serving at the time he  
35 joined the armed forces. Any member whose contribu-  
36 tions to the Members' Contribution Fund are paid by  
37 the State under this subsection, who withdraws or  
38 ceases to be a member of the retirement system, may  
39 not withdraw any of the contributions made by the  
40 State under this subsection.

1           2. Service before becoming a member. A member  
2 who qualifies under section 17760, subsection 2,  
3 shall contribute to the retirement system for the pe-  
4 riod of service in the armed forces as follows:

5           A. If the member qualifies under section 17760,  
6 subsection 2, paragraph D, contributions shall be  
7 calculated at the percentage rate required of ac-  
8 tive members during the period of time covered by  
9 the service in the armed forces applied to the  
10 member's earnable compensation during the first  
11 year as an employee after service in the armed  
12 forces, under the following terms and conditions:

13           (1) If 2 or more percentage rates were in  
14 effect during the period of service in the  
15 armed forces, the highest percentage rate  
16 shall be used;

17           (2) The minimum rate shall be 5%; and

18           (3) Interest at a rate set by the board not  
19 to exceed regular interest by 5 or more per-  
20 centage points shall be paid on the unpaid  
21 balance beginning January 1, 1976, or the  
22 date of attaining 15 years of creditable  
23 service, if later, to the date payment is  
24 completed.

25           B. If the member qualifies under section 17760,  
26 subsection 2, paragraph E, contributions shall be  
27 calculated at the rate prescribed by section  
28 17701, applied to the member's earnings during  
29 the 12 months preceding the month in which he  
30 pays or begins payment of the required contribu-  
31 tions. Interest at a rate set by the board not to  
32 exceed regular interest by 5 or more percentage  
33 points shall be paid on the unpaid balance begin-  
34 ning the first day of the month in which the mem-  
35 ber begins payment to the date payment is com-  
36 pleted.

37                           SUBCHAPTER IV

38                           CREDITABLE SERVICE

39           §17751. Determination of one-year's service credit

1           The determination of one-year's service credit  
2 shall be governed as follows.

3           1. All service in one calendar year. The board  
4 may not allow more than one year's service credit for  
5 all the service:

6           A. In one calendar year for state employees; or

7           B. In one school contract year for teachers or  
8 state employees employed as teachers.

9           2. Absence without pay. The board may not allow  
10 service credit for a period of absence without pay of  
11 more than a month's duration for a full-time posi-  
12 tion.

13           3. Board determination. The board shall deter-  
14 mine by appropriate rules how much service in any  
15 year qualifies for one year's service credit. Service  
16 rendered for the full normal working time in any year  
17 qualifies for one year's service credit.

18           §17752. Service credit for prior service

19           1. Determination. Service credit for prior ser-  
20 vice is determined as follows.

21           A. If a member can provide the board with satis-  
22 factory evidence that he performed any work as a  
23 state employee before July 1, 1942, or as a  
24 teacher before July 1, 1947, the member shall be  
25 granted one year of service credit for each year  
26 in which any work was performed, except that:

27           (1) For the first year of service under  
28 this paragraph, service credit may be earned  
29 only from the date of beginning work to the  
30 end of the year; and

31           (2) During the calendar year 1942, the max-  
32 imum amount of prior service credit that may  
33 be earned for work as a state employee is  
34 1/2 year; and

35           (3) Prior service credit for work as a  
36 state employee shall be calculated on the

1 basis of calendar years and for work as a  
2 teacher on the basis of school years.

3 B. Service credit for prior service shall be  
4 granted for work as a teacher to a member, if the  
5 member pays into the Members' Contribution Fund  
6 5% of the salary received during that service.  
7 For each year of that service, the payments shall  
8 be not less than \$20 nor more than \$100.

9 2. Verification of prior service. Upon verifica-  
10 tion of the length of prior service rendered, the  
11 board shall grant service credit for that service.

12 §17753. Service credit for back contributions

13 1. Entitlement to service credit. Upon comple-  
14 tion of payment of back contributions under section  
15 17704, the member is entitled to service credit for  
16 the period of time for which the contributions have  
17 been made.

18 2. Retirement benefit effective before comple-  
19 tion of payment. If a retirement benefit becomes ef-  
20 fective before completion of payment of back contri-  
21 butions under section 17704, the member is entitled  
22 to service credit for that portion of the total of  
23 that service which the total amount of payment actu-  
24 ally made bears to the total contributions owed, in-  
25 cluding, in each instance, interest determined in ac-  
26 cordance with section 17704.

27 §17754. Out-of-state service

28 1. Generally. For members who began membership  
29 before January 1, 1976, additional service credit  
30 shall be allowed for out-of-state service, subject to  
31 the following conditions.

32 A. The member must have creditable service in  
33 Maine of at least 20 years in the aggregate.

34 B. The member, before any retirement benefit be-  
35 comes effective for him, must make contributions  
36 into the Members' Contribution Fund for the years  
37 of out-of-state service on the same basis as he  
38 would have made contributions had the service

1 been in Maine, including interest at a rate to be  
2 set by the board not to exceed regular interest  
3 by 5 or more percentage points. Interest shall be  
4 computed beginning the end of the year when those  
5 contributions would have been made, if the ser-  
6 vice had been in the State, to the date of pay-  
7 ment.

8 C. If the member was formerly subject to the Re-  
9 vised Statutes of 1944, chapter 37, sections 221  
10 to 241, his last 7 years of creditable service  
11 before the date of retirement must be in Maine.

12 D. If the member is a teacher employed for the  
13 first time after July 1, 1947, his last 10 years  
14 of creditable service before the date of retire-  
15 ment must be in Maine and no more than 10 years  
16 of service credit for out-of-state service may be  
17 allowed.

18 E. If a member is not a teacher, his last 10  
19 years of creditable service before the date of  
20 retirement must be in Maine and no more than 10  
21 years of service credit may be allowed for out-  
22 of-state service.

23 F. A public school teacher who leaves service in  
24 Maine to teach children of United States Armed  
25 Forces personnel, located in any foreign country  
26 on a regularly established United States military  
27 base, shall be allowed service credit for that  
28 service, not to exceed 2 years, if:

29 (1) The teacher returned to active teaching  
30 service in the State within one year of the  
31 completion of the foreign service; and

32 (2) The teacher pays into the retirement  
33 system the same amount of contributions  
34 which would have been made if the service  
35 had been rendered in the State, including  
36 interest computed in accordance with para-  
37 graph B.

38 2. Alternative. If service credit for out-  
39 of-state service is not allowed under subsection 1,  
40 additional service credit for out-of-state service

1 shall be allowed for any member in the determination  
2 of his retirement benefit under this Part, if the  
3 member, before any retirement benefit becomes effec-  
4 tive for himself, pays into the Members' Contribution  
5 Fund, by a direct payment or by an increased rate of  
6 contribution through payroll deduction, an amount  
7 plus regular interest on that amount, which will be  
8 the actuarial equivalent, at the effective date of  
9 his retirement benefit, of the portion of his retire-  
10 ment benefit based on the additional creditable ser-  
11 vice.

12 A. Additional amounts paid under this subsection  
13 shall become a part of the members' accumulated  
14 contributions.

15 B. If any retirement benefit becomes effective  
16 before the completion of the payment under this  
17 subsection, the member is entitled to service  
18 credit for that portion of the additional credit-  
19 able service which the total amount of payments  
20 actually made, plus regular interest on those  
21 payments to the date the retirement benefit be-  
22 comes effective, bears to the actuarial equiva-  
23 lent of the total portion of the retirement bene-  
24 fit based on the additional creditable service.

25 3. Service credit not to be used in another  
26 state. Notwithstanding anything to the contrary, any  
27 application for a retirement benefit that becomes ef-  
28 fective after May 11, 1966, and for which out-  
29 of-state service credit is to be granted must be ac-  
30 companied by a certified statement from the appropri-  
31 ate retirement system that the out-of-state service  
32 credit granted has not been or will not be used to  
33 obtain benefits in another state.

34 §17755. Disability retirement service credit

35 A beneficiary shall receive service credit for  
36 the purpose of determining benefits under this Part  
37 for the period following termination of service for  
38 which he receives disability retirement benefits un-  
39 der subchapter V, article 3.

40 §17756. Unused accrued or accumulated sick leave or  
41 unused vacation leave

1           1. Service credit. Unused accumulated or accrued  
2 sick leave, unused vacation leave, or a combination  
3 of both, for which a member is credited on termina-  
4 tion of service, but for which the member does not  
5 receive payment, qualifies for service credit.

6           2. Limitation. Leave qualifying for service  
7 credit under subsection 1 may not exceed a total of  
8 90 days, except as provided in subsection 3.

9           3. Exceptions. Leave beyond 90 days may qualify  
10 for service credit, up to the maximum number of days  
11 of leave, set by personnel rules or by contract, that  
12 a person is allowed to accumulate, if:

13           A. For state employees, the member, before any  
14 retirement benefit becomes effective for him,  
15 pays into the Members' Contribution Fund, a sin-  
16 gle payment which is the actuarial equivalent, at  
17 the effective date of the member's retirement  
18 benefit, of the portion of his retirement bene-  
19 fit based on the additional creditable service  
20 beyond 90 days; and

21           B. For teachers, the member or the school admin-  
22 istrative unit employing the member pays into the  
23 Members' Contribution Fund by a single payment  
24 the actuarial equivalent, at the effective date  
25 of the member's retirement benefit, of the por-  
26 tion of his retirement benefit based on the addi-  
27 tional creditable service beyond 90 days. The  
28 member and the school administrative unit may de-  
29 termine by contract the portion to be deposited  
30 by each to obtain this additional creditable ser-  
31 vice.

32 §17757. Former members

33           1. Service credit reinstated. Upon repayment of  
34 earlier contributions in accordance with section  
35 17703, a former member who again becomes a member is  
36 entitled to all service credit that he acquired dur-  
37 ing previous membership.

38           2. Retirement benefit effective before comple-  
39 tion of repayment. If any retirement benefit becomes  
40 effective before completion of the repayment under



1 section 17703, the member is entitled to service  
2 credit for that portion of the total of the previous  
3 creditable service which the total amount of repay-  
4 ments actually made bears to the total amount payable  
5 if it had been paid on the date of restoration to  
6 membership, in each instance including interest de-  
7 termined in accordance with section 17703, beginning  
8 with the date of payment to the date the retirement  
9 benefit becomes effective.

10 §17758. Legislature and Executive Council

11 Except as provided in section 17652, any member  
12 who has served as a member of the House of Represen-  
13 tatives, the Senate or the Executive Council of the  
14 State, upon payment of contributions in accordance  
15 with section 17704, is entitled to service credit for  
16 the legislative or Executive Council service and is  
17 subject to this Title.

18 1. Amount of service credit. The member is enti-  
19 tled to receive service credit for the duration of  
20 his election or until he officially resigns from mem-  
21 bership in the House of Representatives, the Senate  
22 or the Executive Council.

23 2. Limitation. The member may not receive more  
24 than one year of service credit in any one-year peri-  
25 od.

26 §17759. Federal employment service

27 1. Creditable service. An employee of the feder-  
28 al employment service who became an employee of a  
29 state department before the federal employment ser-  
30 vice was returned to state control is entitled to  
31 service credit for prior service and membership ser-  
32 vice for the time the person was with the federal em-  
33 ployment service, if the person makes up whatever  
34 contributions would have been made if the federal  
35 service had been state membership service, including  
36 interest at a rate, to be set by the board, not to  
37 exceed the regular interest by 5 or more percentage  
38 points beginning January 1, 1976, to the date of pay-  
39 ment.

1           2. Applicability. This section does not apply to  
2 any member who began membership on or after January  
3 1, 1976.

4           §17760. Service in the armed forces

5           Service credit for service in the United States  
6 Armed Forces is governed as follows.

7           1. Service after becoming a member. A member is  
8 entitled to service credit for the period of time  
9 during which his membership is continued under sec-  
10 tion 17655, subsection 1, under the following terms  
11 and conditions.

12           A. No member who is otherwise entitled to ser-  
13 vice credit for military leave may be deprived of  
14 these credits if the member's return to member-  
15 ship service is delayed beyond 90 days after his  
16 separation from the service in the Armed Forces  
17 of the United States, under conditions other than  
18 dishonorable, if the delay is caused by an ill-  
19 ness or disability incurred in the service in the  
20 armed forces.

21           B. A member may not receive service credit for  
22 military leave beyond the end of the period of  
23 first enlistment or induction or beyond 4 years  
24 from the date of original call to active duty in  
25 the armed forces, whichever is less, unless:

26                   (1) The member's return to active duty in  
27 the armed forces or the extension of the pe-  
28 riod of service beyond 4 years is required  
29 by some mandatory provision; and

30                   (2) The person presents proof of the return  
31 to or extension of service satisfactory to  
32 the board.

33           2. Service before becoming a member. A member  
34 who served as a full-time active duty member of the  
35 armed forces before becoming a member of the retire-  
36 ment system is entitled to service credit for the pe-  
37 riod of time he served in the armed forces, under the  
38 following terms and conditions.

1 A. On the date of retirement, the member must  
2 have at least 15 years of creditable service.

3 B. Service credit under this subsection is lim-  
4 ited to 4 years.

5 C. The member must have separated from the armed  
6 forces under conditions other than dishonorable.

7 D. Except as provided in paragraph E, the member  
8 must have begun membership before January 1,  
9 1976.

10 E. A member who served in the armed forces at  
11 any time from August 5, 1964, to May 7, 1975, is  
12 entitled to service credit under this subsection  
13 if he begins membership before January 1, 1988.

14 F. Contributions required by section 17713 must  
15 have been paid.

16 §17761. CETA service

17 1. Service credit allowed. Service credit for  
18 the period of CETA employment occurring after June  
19 30, 1979, shall be granted to any person who, after  
20 June 30, 1979, satisfies the following conditions:

21 A. The person was a CETA employee;

22 B. The person, within 90 days of termination of  
23 CETA employment, became a non-CETA employee of  
24 the employer;

25 C. The person, within 90 days of becoming a  
26 non-CETA employee, signified in writing to the  
27 retirement system his intention to purchase time  
28 credit under section 17707, subsection 4;

29 D. The person has not received a return of any  
30 contributions made under section 17707, subsec-  
31 tion 4 or has deposited his contributions within  
32 18 months of obtaining non-CETA employment with  
33 the employer under section 17707, subsection 4;  
34 and

35 E. The employer contribution required by section  
36 17707, subsection 3 has been paid.

1       2. Retirement benefit effective before comple-  
2 tion of payment. If any retirement benefit becomes  
3 effective before the completion of the deposit under  
4 section 17707, subsection 4, the person is entitled  
5 to credit for that portion of his CETA time which the  
6 amount of the deposit actually made bears to the to-  
7 tal amount which would have been required to purchase  
8 the person's entire CETA time.

9       §17762. Adult education teachers

10       1. Service credit allowed. A teacher who teaches  
11 a full accredited year in an adult education program  
12 accepted and approved by the Commissioner of Educa-  
13 tional and Cultural Services is entitled to not more  
14 than 1/2 year's service credit for each full accred-  
15 ited year taught.

16       2. Less than full accredited year. Service cred-  
17 it shall be allowed on a pro rata basis for any peri-  
18 od of time during which an adult education teacher  
19 teaches less than a full accredited year.

20       §17763. Teachers in private, parochial and other  
21 schools

22       1. Parochial school or public or private acade-  
23 my. A public school teacher who taught in a parochial  
24 school or in a public or private academy may purchase  
25 up to 10 years of service credit for that service un-  
26 der the following conditions.

27       A. The teacher must have taught in a school ap-  
28 proved by the Department of Educational and Cul-  
29 tural Services or the education department of an-  
30 other state while holding an appropriate teaching  
31 certificate.

32       B. The teacher must have 10 years of service in  
33 the public schools.

34       C. The teacher must, before any retirement bene-  
35 fit becomes effective for him, pay into the Mem-  
36 bers' Contribution Fund, by a direct payment or  
37 by an increased rate of contribution through pay-  
38 roll deduction, an amount which, together with  
39 regular interest on that amount, is the actuarial

1 equivalent, at the effective date of his retire-  
2 ment benefit, of the portion of his retirement  
3 benefit based on the additional creditable ser-  
4 vice.

5 2. Other schools and programs. A public school  
6 teacher who terminates service in the State and who  
7 teaches under the Volunteers in Service to America  
8 Program, the Fulbright Exchange Program or the Peace  
9 Corps, foreign or domestic, or who teaches children  
10 of United States Foreign Service Corps personnel out-  
11 side the continental limits of the United States is  
12 entitled to service credit for that service under the  
13 following conditions:

14 A. The service credit may not exceed 2 years;

15 B. The teacher must return to active teaching in  
16 the State within one year of the completion of  
17 the teaching outside of the State described in  
18 this section; and

19 C. The teacher must, before any retirement bene-  
20 fit becomes effective for him, pay into the Mem-  
21 bers' Contribution Fund, by a direct payment or  
22 by an increased rate of contribution through pay-  
23 roll deduction, an amount which, together with  
24 regular interest on that amount, is the actuarial  
25 equivalent, at the effective date of his retire-  
26 ment benefit, of the portion of his retirement  
27 benefit based on the additional creditable ser-  
28 vice.

29 3. Applicability. This section applies only to a  
30 member who:

31 A. Began service before January 1, 1976; and

32 B. Made the direct payment or began an increased  
33 rate of contributions through payroll deduction,  
34 as required in this section, before January 1,  
35 1976, or within 30 days after first becoming eli-  
36 gible to purchase the service credit, if he be-  
37 came eligible later than January 1, 1976.

38 SUBCHAPTER V

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BENEFITS

ARTICLE 1. GENERAL PROVISIONS

§17801. Amendment not to cause reduction in benefit

No amendment to this Part may cause any reduction in the amount of benefits which would be due to a member based on creditable service, compensation, employee contributions and the provisions of this Part on the date immediately preceding the effective date of the amendment.

§17802. Eligibility for benefits

Only members of the retirement system, their spouses, surviving spouses, children, dependent children, parents or beneficiaries are eligible to receive benefits from the retirement system.

§17803. Election of methods of payment

1. Definition. As used in this article, unless the context otherwise indicates, "qualifying member" means:

A. A member; or

B. A former member who is receiving a disability retirement benefit.

2. Election. In order to receive a benefit, a qualifying member must elect to have his service retirement benefit payable under any of the methods in section 17804.

3. Time and manner of election. A qualifying member must elect a method of payment before the beginning of payment of a service retirement benefit. This election must be by written notice to the executive director.

4. Change of election. A qualifying member may revoke his election of benefits and may elect another method of payment by giving written notice to the executive director at any time before the first payment of the service retirement benefit.

1 §17804. Methods of payment

2 A qualifying member may select payment in one of  
3 the following methods.

4 1. Full benefits. All retirement benefits shall  
5 be payable for life in equal monthly installments,  
6 including any fraction of a month up to the date of  
7 death, with no further payment made.

8 2. Option 1. The qualifying member may elect  
9 to have a reduced retirement benefit paid to himself  
10 while alive and at the qualifying member's death to  
11 have the excess, if any, of his accumulated contribu-  
12 tions at the time of retirement over the portion of  
13 the total retirement benefit payments actually made  
14 to the qualifying member while alive, which is the  
15 actuarial equivalent of the accumulated contribu-  
16 tions, paid in a lump sum to the beneficiary he has  
17 nominated by written designation duly acknowledged  
18 and filed with the executive director or, if no one  
19 has been nominated as beneficiary, to his estate.

20 3. Option 2. The qualifying member may elect to  
21 have a reduced retirement benefit payable to himself  
22 while alive and at the qualifying member's death to  
23 have the benefit continued in the same amount for the  
24 life of the beneficiary he has nominated by written  
25 designation duly acknowledged and filed with the ex-  
26 ecutive director at the time of retirement, if the  
27 beneficiary survives the qualifying member.

28 4. Option 3. The qualifying member may elect  
29 to have a reduced retirement benefit payable to him-  
30 self while alive and at the qualifying member's death  
31 to have the benefit continued at 1/2 the amount for  
32 the life of the beneficiary he has nominated by writ-  
33 ten designation duly acknowledged and filed with the  
34 executive director at the time of retirement, if the  
35 beneficiary survives the qualifying member.

36 5. Option 4. The qualifying member may elect to  
37 have a reduced retirement benefit payable to himself  
38 while alive and at the qualifying member's death to  
39 have some other benefit payable, if:

1           A. The total value of the benefit during the  
2           qualifying member's life plus the benefit after  
3           his death is an actuarial equivalent of the bene-  
4           fit which the qualifying member would receive  
5           without optional modification; and

6           B. The method used to determine the benefit is  
7           approved by the board.

8           §17805. Remarriage after retirement

9           If the recipient of a reduced service retirement  
10          benefit under section 17804, subsection 3, 4 or 5  
11          remarries after the recipient's spouse dies the fol-  
12          lowing provisions apply.

13          1. Election of benefit for new spouse. The re-  
14          ipient may elect to have the reduced retirement ben-  
15          efit paid under the same option to the new spouse af-  
16          ter the recipient's death instead of continuing the  
17          original reduced retirement benefit to the recipient  
18          during his lifetime, under the following conditions:

19           A. The original spouse must have been the sole  
20           beneficiary of the reduced retirement benefit un-  
21           der section 17804, subsection 3, 4 or 5;

22           B. The recipient must not have reached his 70th  
23           birthday; and

24           C. The recipient must be in good health at the  
25           date of election.

26          2. Time and manner of election. The recipient  
27          may make the election at any time after the death of  
28          his original spouse by:

29           A. Sending a written request to the executive  
30           director; and

31           B. Submitting evidence satisfactory to the exec-  
32           utive director of the recipient's good health.

33          3. Amount of benefit. The amount of the benefit  
34          payable under the option elected shall be the actuar-  
35          ial equivalent, at the date of the beginning of pay-  
36          ment of benefits under this section, of the amount of



1 reduced retirement benefit the recipient has been re-  
2 ceiving.

3 §17806. Cost-of-living adjustment to retirement ben-  
4 efits

5 Cost-of-living adjustments to the retirement ben-  
6 efits being paid to retired state employees, teachers  
7 or beneficiaries of either shall be governed as fol-  
8 lows.

9 1. Determination of adjustment. The cost-  
10 of-living adjustment shall be determined as follows.

11 A. Whenever there is a percentage change in the  
12 Consumer Price Index from July 1st to June 30th,  
13 the board shall automatically make an equal per-  
14 centage increase or decrease in retirement ben-  
15 efits, beginning in September, up to a maximum an-  
16 ual increase or decrease of 4%.

17 B. Whenever the annual percentage change in the  
18 Consumer Price Index from July 1st to June 30th  
19 exceeds 4%, the board shall make whatever adjust-  
20 ments in the retirement benefits are necessary to  
21 reflect an annual increase or decrease of 4% and  
22 shall report that adjustment and the actual in-  
23 crease or decrease in the Consumer Price Index to  
24 the Legislature during the month of February of  
25 the following year.

26 C. Notwithstanding any other provision of this  
27 section, the amount of annual retirement benefit  
28 otherwise payable under this Part may not be less  
29 than the retired member received on the effective  
30 date of his retirement or on July 1, 1977, which-  
31 ever amount is greater.

32 2. Cost. The board shall determine the costs of  
33 the adjustments under this section and shall include  
34 those costs in its budget requests.

35 3. Eligibility. Cost-of-living adjustments under  
36 this section shall be applied to the retirement ben-  
37 efits of all retirees who have been retired for at  
38 least 6 months before the date that the adjustment  
39 becomes payable. Beneficiaries of deceased retirees

1 shall be eligible for the cost-of-living adjustment  
2 at the same time the deceased retiree would have be-  
3 come eligible.

4 §17807. Persons retired under earlier law

5 1. Benefits continued. All benefits payable to  
6 former employees retired under the Public Laws of  
7 1933, chapter 1, sections 227 to 233, as they existed  
8 immediately before July 1, 1942, shall be continued  
9 and paid in the future from the Retirement Allowance  
10 Fund at the full amounts stipulated under those sec-  
11 tions before July 1, 1942.

12 2. Additional amounts. Any additional funds re-  
13 quired to continue the benefits under subsection 1  
14 shall be provided by an increase in the accrued lia-  
15 bility contribution payable to the Retirement Allow-  
16 ance Fund.

17 §17808. Payment from certain funds

18 All benefits payable under this chapter shall be  
19 paid from the Retirement Allowance Fund, except those  
20 payable from the Members' Contribution Fund and the  
21 Survivors' Benefit Fund or as specifically provided  
22 in this chapter.

23 §17809. Incorrect records

24 If any error in any record of the retirement sys-  
25 tem results in a member or beneficiary receiving more  
26 or less from the system than he would have been enti-  
27 tled to receive had the record been correct, payments  
28 shall, as far as practicable, be adjusted so that the  
29 actuarial equivalent of the benefit to which he was  
30 correctly entitled is paid.

31 §17810. Earnable compensation continued

32 For purposes of determining benefits under this  
33 chapter, the earnable compensation of a member re-  
34 tired with a disability retirement allowance under  
35 article 3 is assumed to be continued after his date  
36 of termination of service:

37 1. Rate. At the same rate as received immediate-  
38 ly before the date of termination of service; and

1           2. Percentage adjustments. Subject to the same  
2 percentage adjustments, if any, that may apply to the  
3 amount of retirement allowance of the beneficiary under  
4 section 17806.

5 §17811. Election to reduce or discontinue benefits

6           Any retiree or member who is retired or will re-  
7 tire may elect to reduce or discontinue receiving any  
8 benefit upon written request, duly certified and ac-  
9 knowledged, to the executive director.

10           ARTICLE 2. SERVICE RETIREMENT BENEFITS

11 §17851. Qualification for benefits

12           1. Member in service. A member who is in service  
13 when he reaches 60 years of age qualifies for a ser-  
14 vice retirement benefit if the member:

15           A. Retires upon or after reaching 60 years of  
16 age;

17           B. Has been in service for a minimum of one year  
18 immediately before retirement or has at least 10  
19 years of creditable service, which may include  
20 creditable service as a member of the Maine Leg-  
21 islative Retirement System under Title 3, section  
22 701, subsection 8, before becoming a member of  
23 the Maine State Retirement System; and

24           C. Applies to the board in writing, stating the  
25 time he desires to retire.

26           2. Member not in service. A member who is not in  
27 service when he reaches 60 years of age qualifies for  
28 a service retirement benefit if the member:

29           A. Retires upon or after reaching 60 years of  
30 age;

31           B. Has at least 10 years of creditable service  
32 or 5 full terms as a Legislator, which may in-  
33 clude creditable service as a member of the Maine  
34 Legislative Retirement System under Title 3, sec-  
35 tion 701, subsection 8, before becoming a member  
36 of the Maine State Retirement System; and

1           C. Applies to the board in writing, stating the  
2           time he desires to retire.

3           3. Member with creditable service of 25 years or  
4           more. A member who has completed 25 or more years of  
5           creditable service qualifies for a service retirement  
6           benefit if he:

7           A. Retires at any time after completing the 25  
8           years of service, which may include creditable  
9           service as a member of the Maine Legislative Re-  
10           irement System under Title 3, section 701, sub-  
11           section 8, before becoming a member of the Maine  
12           State Retirement System; and

13           B. Applies to the board in writing, stating the  
14           time he desires to retire.

15           4. State police. A state police officer quali-  
16           fies for a service retirement benefit if he:

17           A. Became a state police officer after July 9,  
18           1943, but before September 1, 1984, and retires  
19           after completing 20 years of creditable service  
20           as a state police officer, which may include  
21           creditable service under section 17760, subsec-  
22           tion 1, but may not include creditable service  
23           under section 17760, subsection 2; or

24           B. Became a state police officer after August  
25           31, 1984, and completed 25 years of creditable  
26           service as a state police officer.

27           5. Inland Fisheries and Wildlife officers. A law  
28           enforcement officer in the Department of Inland Fish-  
29           eries and Wildlife qualifies for a service retirement  
30           benefit if he:

31           A. Was employed in that capacity before Septem-  
32           ber 1, 1984; and

33           B. Retires after completing 20 years of credit-  
34           able service in that capacity, which may include  
35           creditable service under section 17760, subsec-  
36           tion 1, but may not include creditable service  
37           under section 17760, subsection 2.

1       6. Marine Resources officers. A law enforcement  
2 officer in the Department of Marine Resources quali-  
3 fies for a service retirement benefit if he:

4       A. Was employed in that capacity before Septem-  
5 ber 1, 1984; and

6       B. Retires after completing 20 years of credit-  
7 able service in that capacity, which may include  
8 creditable service under section 17760, subsec-  
9 tion 1, but may not include creditable service  
10 under section 17760, subsection 2.

11       7. Marine Resources commissioner or deputy. A  
12 commissioner or deputy commissioner of the Department  
13 of Marine Resources qualifies for a service retire-  
14 ment benefit if he:

15       A. Qualifies under subsection 6; and

16       B. Contributed as a law enforcement officer un-  
17 der section 17710, subsection 1.

18       8. Forest rangers. A forest ranger in the De-  
19 partment of Conservation qualifies for a service re-  
20 irement benefit if he:

21       A. Was employed in that capacity before Septem-  
22 ber 1, 1984; and

23       B. Retires upon reaching 50 years of age or upon  
24 completion of 25 years of creditable service in  
25 that capacity, whichever is later.

26       9. Airplane pilots. An airplane pilot employed  
27 by the State qualifies for a service retirement bene-  
28 fit if he:

29       A. Was employed in that capacity before Septem-  
30 ber 1, 1984;

31       B. Completes at least 25 years of creditable  
32 service in that capacity; and

33       C. Retires upon or after reaching age 55.

1           10. Liquor inspectors. A liquor inspector, in-  
2 cluding the chief inspector, qualifies for a service  
3 retirement benefit if he:

4           A. Was employed in that capacity before Septem-  
5 ber 1, 1984;

6           B. Completes at least 25 years of creditable  
7 service in that capacity; and

8           C. Retires upon or after reaching age 55.

9           11. Maine State Prison employees. The warden or  
10 deputy warden of the Maine State Prison, any officer  
11 or employee of the Maine State Prison employed as a  
12 guard or in the management of prisoners or any person  
13 employed as the supervising officer of those officers  
14 or employees qualifies for a service retirement bene-  
15 fit if he:

16           A. Was employed in one of those capacities be-  
17 fore September 1, 1984, and:

18                   (1) Completes 20 years of creditable ser-  
19 vice in one or more of those capacities; and

20                   (2) Retires upon or after reaching the age  
21 of 50 years; or

22           B. Was employed in one of those capacities after  
23 August 31, 1984, and completed 25 years of cred-  
24 itable service in one or more of those capaci-  
25 ties.

26           §17852. Computation of benefit

27           1. Member in service. The amount of the service  
28 retirement benefit for members qualified under sec-  
29 tion 17851, subsection 1, shall be computed as fol-  
30 lows:

31           A. 1/50 of the member's average final compensa-  
32 tion multiplied by the number of years of his  
33 membership service and up to 25 years of his pri-  
34 or service. Membership service under this para-  
35 graph does not include creditable service under  
36 the Legislative Retirement System; or

1           B. The total amount of the service retirement  
2           benefit of any member qualifying under section  
3           17851, subsection 1, who became a member before  
4           July 1, 1947, and for whom the date of establish-  
5           ment of the retirement system is July 1, 1942,  
6           must be at least equal to 1/2 of his average fi-  
7           nal compensation, if the member has at least 20  
8           years of total creditable service, including at  
9           least 13 years of prior service if he retires  
10           upon or after reaching age 70.

11           2. Member not in service. The amount of the ser-  
12           vice retirement benefit for members qualified under  
13           section 17851, subsection 2, shall be computed in ac-  
14           cordance with subsection 1.

15           3. Member with creditable service of 25 years or  
16           more. The amount of the service retirement benefit  
17           for members qualified under section 17851, subsection  
18           3, shall be computed in accordance with subsection 1,  
19           except that:

20           A. The amount arrived at under subsection 1  
21           shall be reduced by applying to that amount the  
22           percentage that a life annuity due at age 60  
23           bears to the life annuity due at the age of re-  
24           tirement; and

25           B. For the purpose of making the computation un-  
26           der paragraph A, the board-approved tables of an-  
27           nuities in effect at the date of the member's re-  
28           retirement shall be used.

29           4. State police. The amount of the service re-  
30           tirement benefit for members qualified under section  
31           17851, subsection 4, shall be computed as follows.

32           A. For persons qualifying under section 17851,  
33           subsection 4, paragraph A:

34                   (1) The total amount of the service retire-  
35                   ment benefit is:

36                           (a) Except as provided in division  
37                           (b), 1/2 of his average final compensa-  
38                           tion and an additional 2% of his aver-  
39                           age final compensation for each year of

1 membership service not included in de-  
2 termining qualification under section  
3 17851, subsection 4, paragraph A; or

4 (b) If his benefit would be greater,  
5 the part of his service retirement ben-  
6 efit based upon membership service be-  
7 fore July 1, 1976, shall be determined,  
8 on a pro rata basis, on his current an-  
9 nual salary on the date of retirement  
10 and the part of his service retirement  
11 benefit based upon membership service  
12 after June 30, 1976, shall be deter-  
13 mined in accordance with division (a);  
14 and

15 (2) Upon the death of a State Police Offi-  
16 cer who is receiving a retirement benefit  
17 after qualifying under section 17851, sub-  
18 section 4, paragraph A, without optional  
19 modification, or is retired under article 3,  
20 the surviving spouse is entitled to a re-  
21 tirement benefit which is 1/2 of the amount  
22 being paid at the time of the officer's  
23 death. The payment shall continue for the  
24 remainder of the surviving spouse's lifetime  
25 or until he becomes the dependent of another  
26 person.

27 B. For persons qualifying under section 17851,  
28 subsection 4, paragraph B, and who retire upon or  
29 after reaching the age of 55, the retirement ben-  
30 efit shall be computed in accordance with subsec-  
31 tion 1.

32 C. For persons qualifying under section 17851,  
33 subsection 4, paragraph B, and who retire before  
34 reaching the age of 55, the retirement benefit  
35 shall be determined in accordance with subsection  
36 1, except that:

37 (1) The amount arrived at under subsection  
38 1 shall be reduced by applying to that  
39 amount the percentage that a life annuity  
40 due at age 55 bears to the life annuity due  
41 at the age of retirement; and



1           (2) For the purpose of making the computa-  
2           tion under subparagraph (1), the  
3           board-approved tables of annuities in effect  
4           at the date of the member's retirement shall  
5           be used.

6           5. Inland Fisheries and Wildlife officers. The  
7           amount of service retirement benefit for persons  
8           qualified under section 17851, subsection 5, shall be  
9           computed as follows.

10          A. The total amount of the service retirement  
11          benefit is:

12           (1) Except as provided in subparagraph (2),  
13           1/2 of his average final compensation and an  
14           additional 2% of his average final compensa-  
15           tion for each year of membership service not  
16           included in determining qualifications under  
17           section 17851, subsection 5; or

18           (2) If his benefit would be greater, the  
19           part of his service retirement benefit based  
20           upon membership service before July 1, 1976,  
21           shall be determined, on a pro rata basis, on  
22           his current annual salary on the date of re-  
23           irement and the part of his service retire-  
24           ment benefit based upon membership service  
25           after June 30, 1976, shall be determined in  
26           accordance with subparagraph (1).

27          B. Upon the death of a law enforcement officer  
28          of the Department of Inland Fisheries and Wild-  
29          life who is receiving a retirement benefit after  
30          qualifying under section 17851, subsection 5,  
31          without optional modification, or is retired un-  
32          der article 3, the surviving spouse is entitled  
33          to a retirement benefit which is 1/2 of the  
34          amount being paid at the time of the officer's  
35          death. The payment shall continue for the remain-  
36          der of the surviving spouse's lifetime or until  
37          he becomes the dependent of another person.

38          6. Marine Resources officers. The amount of ser-  
39          vice retirement benefit for persons qualified under  
40          section 17851, subsection 6, shall be computed as  
41          follows.

1           A. The total amount of the service retirement  
2           benefit is:

3                     (1) Except as provided in subparagraph (2),  
4                     1/2 of his average final compensation and an  
5                     additional 2% of his average final compensa-  
6                     tion for each year of membership service not  
7                     included in determining qualification under  
8                     section 17851, subsection 6 or 7; or

9                     (2) If his benefit would be greater, the  
10                    part of his service retirement benefit based  
11                    upon membership service before July 1, 1976,  
12                    shall be determined, on a pro rata basis, on  
13                    his current annual salary on the date of re-  
14                    irement and the part of his service retire-  
15                    ment benefit based upon membership service  
16                    after June 30, 1976, shall be determined in  
17                    accordance with subparagraph (1).

18           B. Upon the death of a law enforcement officer  
19           of the Department of Marine Resources who is re-  
20           ceiving a retirement benefit after qualifying under  
21           section 17851, subsection 6, without optional  
22           modification, or is retired under article 3, the  
23           surviving spouse is entitled to a retirement ben-  
24           efit which is 1/2 of the amount being paid at the  
25           time of the officer's death. The payment shall  
26           continue for the remainder of the surviving  
27           spouse's lifetime or until he becomes the depen-  
28           dent of another person.

29           7. Forest rangers. The total amount of the ser-  
30           vice retirement benefit for persons qualified under  
31           section 17851, subsection 8, shall be computed as  
32           follows:

33                    A. Except as provided in paragraph B, 1/2 of his  
34                    average final compensation and an additional 2%  
35                    of his average final compensation for each year  
36                    of membership service not included in determining  
37                    qualifications under section 17851, subsection 8;  
38                    or

39                    B. If his benefit would be greater, the part of  
40                    his service retirement benefit based upon member-  
41                    ship service before July 1, 1976, shall be deter-

1 mined, on a pro rata basis, on his current annual  
2 salary on the date of retirement and the part of  
3 his service retirement benefit based upon member-  
4 ship service after June 30, 1976, shall be deter-  
5 mined in accordance with paragraph A.

6 8. Airplane pilots. The total amount of the ser-  
7 vice retirement benefit for members qualified under  
8 section 17851, subsection 9, is:

9 A. 1/2 of his average final compensation and an  
10 additional 2% of his average final compensation  
11 for each year of membership service not included  
12 in determining qualification under section 17851,  
13 subsection 9; or

14 B. If the member retires upon or after reaching  
15 the age of 60, an amount equal to the total ser-  
16 vice retirement benefit as determined under sub-  
17 section 1, if that amount is greater than the  
18 amount computed under paragraph A.

19 9. Liquor inspectors. The total amount of the  
20 service retirement benefit for members qualified un-  
21 der section 17851, subsection 10, is 1/2 of his aver-  
22 age final compensation and an additional 2% of his  
23 average final compensation for each year of member-  
24 ship service not included in determining qualifica-  
25 tion under section 17851, subsection 10.

26 10. Maine State Prison employees. The amount of  
27 the service retirement benefit for members qualified  
28 under section 17851, subsection 11, shall be computed  
29 as follows.

30 A. For members qualifying under section 17851,  
31 subsection 11, paragraph A, 1/2 of his average  
32 final compensation and an additional 2% of his  
33 average final compensation for each year of mem-  
34 bership service not included in determining qual-  
35 ification under section 17851, subsection 11,  
36 paragraph A.

37 B. For members who qualify under section 17851,  
38 subsection 1, paragraph B, and who retire upon  
39 or after reaching the age of 55, the retirement  
40 benefit shall be computed in accordance with sub-  
41 section 1.

1           C. For members who qualify under section 17851,  
2           subsection 11, paragraph B, and who retire before  
3           reaching the age of 55, the retirement benefit  
4           shall be determined in accordance with subsection  
5           1, except that:

6                     (1) The amount arrived at under subsection  
7                     1, shall be reduced by applying to that  
8                     amount the percentage that a life annuity  
9                     due at age 55 bears to the life annuity due  
10                    at the age of retirement; and and

11                    (2) For the purpose of making the computa-  
12                    tion under subparagraph (1), the  
13                    board-approved tables of annuities in effect  
14                    at the date of the member's retirement shall  
15                    be used.

16           §17853. Law governing benefit determination

17                    1. Termination on or after January 1, 1976. If  
18                    a member's final termination of service occurred on  
19                    or after January 1, 1976, the retirement system law  
20                    in effect on the date of termination shall govern the  
21                    member's service retirement benefit.

22                    2. Termination before January 1, 1976. If a  
23                    member's final termination of service occurred before  
24                    January 1, 1976, the retirement system law in effect  
25                    on January 1, 1976 shall govern the member's service  
26                    retirement benefit.

27           §17854. Minimum benefit

28                    Any member who has 10 or more years of creditable  
29                    service at retirement is entitled to a minimum ser-  
30                    vice retirement benefit of \$100 per month.

31           §17855. Restoration to service

32                    If any recipient of a service retirement benefit  
33                    is restored to service and if the total of the  
34                    recipient's monthly retirement benefit for any year  
35                    and the recipient's total earnable compensation for  
36                    that year exceed his average final compensation at  
37                    retirement, increased or decreased by the same per-  
38                    centage adjustments as have been received under sec-

1 tion 17806, the excess shall be deducted from the  
2 service retirement benefit payments during the next  
3 calendar year.

4 1. Prorated deductions. The deductions shall be  
5 prorated on a monthly basis over the year or part of  
6 the year for which benefits are received in an equi-  
7 table manner prescribed by the board.

8 2. Payments not deducted. The recipient of the  
9 service retirement benefit shall reimburse the re-  
10 retirement system for any excess payments not deducted  
11 under this section.

12 3. Retirement benefits eliminated. If the re-  
13 retirement benefit payments are eliminated by operation  
14 of this section:

15 A. The person shall again become a member of the  
16 retirement system and shall begin contributing at  
17 the current rate; and

18 B. When the person again retires, he shall re-  
19 ceive benefits computed on his entire creditable  
20 service and in accordance with the law in effect  
21 at that time.

22 §17856. Interchangeable benefits for law enforcement  
23 officers

24 Any service retirement benefits earned by a law  
25 enforcement officer under this article which are sub-  
26 stantially similar or equal are interchangeable.

27 §17857. Transfer from special plan

28 1. Special plan defined. As used in this sec-  
29 tion, unless the context otherwise indicates, "spe-  
30 cial plan" means any of the retirement programs in  
31 section 17851, subsection 4, 5, 6, 7, 8, 9, 10 or 11.

32 2. Additional creditable service. A member who  
33 has completed the service requirements for retirement  
34 under a special plan and a person who retires under a  
35 special plan and is later restored to service under  
36 section 17855, may transfer to a position not under  
37 the special plan and earn service credit for addi-  
38 tional creditable service.

1           3. Reduction of benefits. Upon retirement, the  
2 retirement benefit of a person transferring under  
3 subsection 2 shall be reduced as follows:

4           A. The portion of the retirement benefit based  
5 upon creditable service earned after being trans-  
6 ferred shall be reduced in accordance with sec-  
7 tion 17852, subsection 3; and

8           B. If applicable, the portion of the retirement  
9 benefit based upon creditable service earned be-  
10 fore being transferred shall be reduced in ac-  
11 cordance with section 17852, subsection 4, para-  
12 graph C or section 17852, subsection 10, para-  
13 graph C.

14           4. Computation of benefit. The computation of  
15 the retirement benefit shall be based upon the  
16 person's average final compensation, as defined in  
17 section 17001, subsection 4.

18           ARTICLE 3. DISABILITY RETIREMENT BENEFITS

19           §17901. Definition

20           As used in this article, unless the context oth-  
21 erwise indicates, "disabled" means mentally or physi-  
22 cally incapacitated:

23           1. Permanent. To the extent that it is impossi-  
24 ble to perform the duties of his employment position  
25 and the incapacity can be expected to be permanent;  
26 and

27           2. Revealed by examination. So that the inca-  
28 capacity will be revealed by medical examination or  
29 tests conducted in accordance with section 17903.

30           §17902. Application

31           In order to receive a benefit under this article:

32           1. Written application. The person must apply  
33 in writing to the executive director in the format  
34 specified by the executive director; and

35           2. Approval. The written application must be  
36 approved by the executive director.

1       §17903. Examination or tests

2           The examination or tests to determine whether a  
3 member is disabled under section 17901 are governed  
4 as follows.

5           1. Agreed upon physician. The examination or  
6 tests shall be conducted by a qualified physician mu-  
7 tually agreed upon by the executive director and mem-  
8 ber claiming to be disabled.

9           2. Agreed upon place. The examination or tests  
10 shall be conducted at a place mutually agreed upon by  
11 the executive director and member claiming to be dis-  
12 abled.

13           3. Costs. The costs incurred under subsections  
14 1 and 2 shall be paid by the retirement system.

15       §17904. Qualification for benefit

16           1. Qualification. Except as provided in subsec-  
17 tion 2, a member qualifies for a disability retire-  
18 ment benefit if he becomes disabled:

19           A. While in service; and

20           B. Before reaching the normal retirement age.

21           2. Exception. A member with fewer than 5 years  
22 of continuous creditable service immediately preced-  
23 ing his application for a disability retirement bene-  
24 fit is not eligible for that benefit if the disabili-  
25 ty is the result of a physical or mental condition  
26 which existed before the member's latest membership  
27 in the retirement system, unless the disability is a  
28 result of, or has been substantially aggravated by,  
29 an injury or accident received in the line of duty.

30       §17905. Computation of benefit

31           When a member qualified under section 17904 re-  
32 tires, the member shall receive a disability retire-  
33 ment benefit equal to 66 2/3% of his average final  
34 compensation.

35       §17906. Reduction in amount of benefit

1       1. Compensation in excess of \$10,000. If, in  
2 any year, the compensation received from engaging in  
3 any gainful occupation by a beneficiary of a disabili-  
4 ty retirement benefit exceeds \$10,000:

5       A. The excess shall be deducted from the dis-  
6 ability or service retirement benefits during the  
7 next calendar year, the deductions to be prorated  
8 on a monthly basis in an equitable manner pre-  
9 scribed by the board over the year or part of the  
10 year for which the benefits are received; and

11       B. The beneficiary shall reimburse the retire-  
12 ment system for any excess payments not deducted  
13 under paragraph A.

14       2. Disability payments under other laws. The  
15 reduction of disability retirement benefits because  
16 of disability benefits received under other laws is  
17 governed as follows.

18       A. The amount of any disability retirement benef-  
19 it payable under this article shall be reduced  
20 by any amount received by the beneficiary for the  
21 same disability under either or both of the fol-  
22 lowing:

23               (1) The worker's compensation or similar  
24 law, except amounts which may be paid or  
25 payable under Title 39, sections 56 or 56-A;  
26 or

27               (2) The United States Social Security Act,  
28 if the employment for which creditable ser-  
29 vice with the employer is allowed was also  
30 covered under that act at the date of dis-  
31 ability retirement.

32       B. The reduction in the disability retirement  
33 benefit shall be the amount necessary to make the  
34 total of the disability retirement benefit, not  
35 including adjustments under section 17806, plus  
36 the offset amounts of worker's compensation and  
37 social security benefits, as limited under para-  
38 graph A, equal to 80% of average final compensa-  
39 tion.



1           C. The disability retirement benefit may not be  
2           reduced below the amount of the retirement bene-  
3           fit which is the actuarial equivalent of the  
4           member's accumulated contributions at the time of  
5           his retirement.

6           D. Lump-sum settlements of benefits that would  
7           reduce the disability retirement benefit under  
8           this subsection shall be prorated on a monthly  
9           basis in an equitable manner prescribed by the  
10           board.

11                   (1) These prorated lump-sum settlements may  
12                   not include any part of the lump-sum settle-  
13                   ment attributable to vocational rehabilita-  
14                   tion, attorneys' fees, physicians, nurses,  
15                   hospital, medical, surgical or related fees  
16                   or charges or any amount paid or payable un-  
17                   der Title 39, section 56 or 56-A.

18                   (2) These prorated lump-sum settlements  
19                   shall reduce the disability retirement bene-  
20                   fit in the same manner and amount as monthly  
21                   benefits under this subsection.

22           E. Any dispute about amounts paid or payable un-  
23           der worker's compensation, or about the amount of  
24           the lump-sum settlement and its proration shall  
25           be determined on petition, by a single member of  
26           the Workers' Compensation Commission, in accord-  
27           ance with Title 39. These determinations may be  
28           appealed under Title 39, section 103-B.

29           3. Restoration to service. If any recipient of  
30           a disability retirement benefit is restored to ser-  
31           vice and if the total of the recipient's monthly re-  
32           irement benefit for any year and the recipient's to-  
33           tal earnable compensation for that year exceeds his  
34           average final compensation at retirement, increased  
35           or decreased by the same percentage adjustments as  
36           have been received under section 17806, the excess  
37           shall be deducted from the disability retirement ben-  
38           efit payments during the next calendar year.

39           A. The deductions shall be prorated on a monthly  
40           basis over the year or part of the year for which  
41           benefits are received in an equitable manner pre-  
42           scribed by the board.

1 B. The recipient of the disability retirement  
2 benefit shall reimburse the retirement system for  
3 any excess payments not deducted under this sec-  
4 tion.

5 C. If the retirement benefit payments are elimi-  
6 nated by operation of this subsection:

7 (1) The person shall again become a member  
8 of the retirement system and shall begin  
9 contributing at the current rate; and

10 (2) When the person again retires, he shall  
11 receive benefits computed on his entire  
12 creditable service and in accordance with  
13 the law in effect at that time.

14 §17907. Payment of benefit

15 1. Beginning. Payment of disability retirement  
16 benefits shall begin on the date of termination of  
17 active service of the member, but not more than 6  
18 months before the date of receipt by the executive  
19 director of the written application, by or on behalf  
20 of the member, for disability retirement, unless it  
21 is shown that:

22 A. It was not reasonably possible to file the  
23 application for disability retirement benefits  
24 within the 6-month period; and

25 B. The application was made as soon as was rea-  
26 sonably possible.

27 2. Cessation. Payment of disability retirement  
28 benefits shall continue so long as a person is dis-  
29 abled, except that:

30 A. The disability retirement benefit ceases and  
31 a service retirement benefit begins:

32 (1) On the 10th anniversary of the benefi-  
33 ciary's normal retirement age, as defined in  
34 section 17001, subsection 23; or

35 (2) When the service retirement benefit of  
36 a beneficiary would equal or exceed the

1 amount of his disability retirement benefit,  
2 if that occurs before the date in subpara-  
3 graph (1);

4 B. After the disability has continued for 5  
5 years, the disability of the beneficiary must  
6 render him unable to engage in any substantially  
7 gainful activity for which the beneficiary is  
8 qualified by training, education or experience.

9 (1) The executive director may require,  
10 once each year, a recipient of a disability  
11 retirement benefit to undergo medical exami-  
12 nations or tests, conducted in accordance  
13 with section 17903, to determine the dis-  
14 ability of the beneficiary.

15 (2) If the beneficiary refuses to submit to  
16 the examination or tests under subparagraph  
17 (1), his disability retirement benefit shall  
18 be discontinued until he withdraws the re-  
19 usal.

20 (3) If the beneficiary's refusal under sub-  
21 paragraph (2) continues for one year, all  
22 his rights to any further benefits under  
23 this article shall cease.

24 (4) If it is determined, on the basis of  
25 the examination or tests under subparagraph  
26 (1), that the disability of a beneficiary no  
27 longer exists, the payment of his disability  
28 retirement benefit shall cease; and

29 C. The person's average final compensation at  
30 retirement shall include the same percentage ad-  
31 justments, if any, that would apply to the amount  
32 of retirement benefit of the beneficiary under  
33 section 17806.

34 §17908. Statement of health

35 1. Statement required. Any person who becomes a  
36 member of the retirement system on or after July 1,  
37 1977, shall submit a statement of his health to the  
38 executive director on forms prescribed by the execu-  
39 tive director.

1           2. Additional information. If the executive di-  
2 rector determines that additional information is nec-  
3 essary to determine the extent of any preexisting  
4 disability of the member, the executive director may  
5 require that a medical examination or tests be sub-  
6 mitted as evidence of the member's health.

7           A. The examination or tests shall be conducted  
8 at a place mutually agreed upon by the member and  
9 the executive director.

10          B. The costs incurred shall be paid by the re-  
11 irement system.

12          3. Limitation on use. The statement of health  
13 or the examination or test results may be used only  
14 to determine eligibility for a disability retirement  
15 benefit under section 17904, subsection 2.

16          4. Sanction. Any member who is required to sub-  
17 mit a statement of health under this section and who  
18 does not submit the statement before applying for  
19 disability retirement benefits is not eligible to re-  
20 ceive those benefits unless he establishes to the  
21 satisfaction of the executive director that he meets  
22 the qualifications of section 17904, subsection 2.

23          §17909. Statement of compensation

24          1. Requirement. The executive director shall  
25 require each beneficiary of a disability retirement  
26 benefit to submit, each calendar year, a statement of  
27 his compensation received from engaging in any gain-  
28 ful occupation during that year.

29          2. Failure to submit statement. Failure to sub-  
30 mit the statement under subsection 1, shall result in  
31 the following:

32          A. If the beneficiary fails to submit the state-  
33 ment required under subsection 1 within 30 days  
34 of receipt of the executive director's request  
35 for the statement, the beneficiary's disability  
36 retirement benefit shall be discontinued until  
37 the statement is submitted; or

1           B. If the beneficiary fails to submit the state-  
2 ment required under subsection 1, within one year  
3 of receipt of the executive director's request  
4 for the statement, all the beneficiary's rights  
5 to further benefits shall cease.

6           ARTICLE 4. ORDINARY DEATH BENEFITS

7           §17951. Definitions

8           As used in this article, unless the context oth-  
9 erwise indicates, the following terms have the fol-  
10 lowing meanings.

11           1. Designated beneficiary. "Designated benefi-  
12 ciary" means the beneficiary designated under section  
13 17952.

14           2. Qualifying member. "Qualifying member" means  
15 a member in service or a former member who is receiv-  
16 ing a disability retirement benefit.

17           §17952. Designated beneficiary

18           A qualifying member may designate a beneficiary  
19 to receive benefits upon the qualifying member's  
20 death by filing a written designation of beneficiary  
21 with the executive director. The last designation of  
22 any beneficiary revokes all previous designations.

23           §17953. Death before eligibility for service retire-  
24 ment

25           If a qualifying member dies at any time before  
26 completing the age and service requirements for ser-  
27 vice retirement, the payment of ordinary death bene-  
28 fits is governed as follows.

29           1. Refund of contributions. The amount of the  
30 qualifying member's accumulated contributions shall  
31 be paid:

32           A. To his designated beneficiary, if any;

33           B. If the qualifying member is not survived by a  
34 designated beneficiary, to the first listed of  
35 the following relatives alive at the qualifying  
36 member's death:

1                   (1) Surviving spouse;

2                   (2) Child or children, regardless of age,  
3                   sharing equally among themselves; or

4                   (3) The older parent; or

5                   C. To his estate.

6                   2. Survivor benefits. Survivor benefits are  
7                   governed as follows.

8                   A. Instead of accepting the payment provided in  
9                   subsection 1, the first listed of the following  
10                   relatives of the qualifying member living at the  
11                   death of the qualifying member may elect the ben-  
12                   efits described in subsections 3 to 5:

13                   (1) The surviving spouse, the dependent  
14                   child or dependent children, the parent or  
15                   parents, if any of these are designated ben-  
16                   eficiaries; or

17                   (2) If no beneficiary is designated, the  
18                   surviving spouse, the dependent child or de-  
19                   pendent children, or the parent or parents.

20                   B. If the surviving spouse elects a benefit un-  
21                   der this paragraph, the dependent child or depen-  
22                   dent children are entitled to receive the benefit  
23                   under subsection 4; or

24                   C. A person entitled to receive benefits under  
25                   this section may, before the beginning of benefit  
26                   payments, elect to receive benefits under section  
27                   17852, subsection 4, paragraph A; under section  
28                   17852, subsection 5, paragraph A; under section  
29                   17852, subsection 6, paragraph A; or under arti-  
30                   cle 5 instead of benefits under this section.

31                   (1) In order to elect these survivor bene-  
32                   fits, both the qualifying member and the  
33                   beneficiary must comply with each require-  
34                   ment of those provisions.

35                   (2) If no election is made under this para-  
36                   graph, benefits payable under this section

1           shall be in lieu of any benefits payable un-  
2           der section 17852, subsection 4, paragraph  
3           A; under section 17852, subsection 5; under  
4           section 17852, subsection 6; or under arti-  
5           cle 5.

6           3. Amount of survivor benefit payment to surviv-  
7           ing spouse. If the surviving spouse of the qualify-  
8           ing member elects a benefit under subsection 2, para-  
9           graph A, only one of the following options may be  
10           paid at one time.

11           A. A surviving spouse of the qualifying member  
12           shall be paid \$150 per month beginning the first  
13           month after the death occurs and continuing until  
14           the date of the surviving spouse's death, if:

15           (1) The deceased qualifying member had 10  
16           years of creditable service at the time of  
17           his death; or

18           (2) The surviving spouse is certified by  
19           the medical board to be permanently mentally  
20           incompetent or permanently physically inca-  
21           pacitated and is determined by the executive  
22           director to be unable to engage in any sub-  
23           stantially gainful employment.

24           B. A surviving spouse of the qualifying member  
25           who has the care of the dependent child or depen-  
26           dent children of the deceased qualifying member  
27           and who is not eligible to receive a benefit un-  
28           der paragraph A shall be paid \$150 per month, be-  
29           ginning the first month after the death of the  
30           qualifying member and continuing during the sur-  
31           viving spouse's lifetime for as long as the de-  
32           pendent child or the dependent children are in  
33           the surviving spouse's care.

34           C. A surviving spouse of the qualifying member  
35           who is not eligible to receive a benefit under  
36           paragraph A or B shall be paid \$150 per month,  
37           beginning the first month after the spouse  
38           reaches 60 years of age and continuing until the  
39           date of his death.

1           4. Amount of survivor benefit to dependent chil-  
2 dren. If the dependent child or dependent children  
3 of the deceased qualifying member elect a benefit un-  
4 der subsection 2, paragraph A, the payment of bene-  
5 fits shall be governed as follows.

6           A. The amount of the benefit shall be determined  
7 as follows.

8                   (1) One dependent child shall be paid \$150  
9 per month.

10                   (2) Two dependent children shall be paid  
11 \$225 per month which shall be divided equal-  
12 ly between them.

13                   (3) Three or more dependent children shall  
14 be paid \$300 per month which shall be di-  
15 vided equally among them.

16           B. The benefits shall begin the first month af-  
17 ter the death of the qualifying member and shall  
18 be payable to each dependent child, in accordance  
19 with Title 18-A, article V, so long as he meets  
20 the definition of "dependent child" in section  
21 17001, subsection 12.

22           C. When any dependent child becomes ineligible  
23 to receive benefits under this subsection, the  
24 other dependent children, if any, shall continue  
25 to receive benefits in accordance with this sub-  
26 section.

27           5. Amount of survivor benefit to parents. If  
28 the parent of the deceased qualifying member elects a  
29 benefit under subsection 2, paragraph A, the payment  
30 of benefits shall be governed as follows.

31           A. The amount of the benefit shall be determined  
32 as follows.

33                   (1) A parent who is alive at the time of  
34 the death of the qualifying member shall be  
35 paid \$150 per month if he is at least 60  
36 years of age or, if not, when he reaches  
37 that age.



1           (2) If both parents are eligible for bene-  
2           fits under this article, and the older par-  
3           ent elects benefits under this subsection,  
4           the older parent shall be paid \$150 per  
5           month and the younger parent shall be paid  
6           \$105 per month if he is at least 60 years of  
7           age or, if not, when he reaches that age.

8           (3) Upon the death of either parent, the  
9           surviving parent shall receive \$150 per  
10           month.

11           B. The payment of benefits to any parent shall  
12           begin the first month after the death of the  
13           qualifying member and shall continue until the  
14           death of the parent.

15           C. Benefits are payable under this subsection  
16           only if no other benefits have been paid under  
17           subsection 3 or 4.

18           6. Transfer of funds. If benefits are paid un-  
19           der subsections 3 to 5, the amount of the deceased  
20           qualifying member's accumulated contributions in the  
21           Members' Contribution Fund shall be transferred to  
22           the Survivors' Benefit Fund and the amount of the  
23           qualifying member's accumulated contributions in the  
24           Retirement Allowance Fund shall be transferred to the  
25           Survivors' Benefit Fund.

26           7. Death of beneficiary before payment. If any  
27           person becomes entitled to the payment of benefits  
28           under this article and dies before either the refund  
29           check or the initial survivor benefit check is en-  
30           dorsed and presented to a holder in due course, the  
31           person is considered to have predeceased the qualify-  
32           ing member.

33           8. Change of choice of payment option. Any ben-  
34           eficiary under this article may change his choice of  
35           payment at any time up to the point of endorsement  
36           and presentation to a holder in due course of either  
37           the refund check or the initial survivor benefit pay-  
38           ment.

39           9. Defeat of survivor's option. A qualifying  
40           member may specify that the refund of his accumulated

1 contributions be paid to a designated beneficiary or  
2 to the qualifying member's estate in lieu of any pay-  
3 ment to survivors under subsections 3 to 5 by filing  
4 an affidavit expressing that intent with the execu-  
5 tive director.

6 10. Cost-of-living adjustment. If a retirement  
7 benefit adjustment is made for retired state employ-  
8 ees and teachers, the same percentage increase shall  
9 be applied to the payments made under subsections 3  
10 to 5. The adjustment to payments made under subsec-  
11 tions 3 to 5 shall become effective on the same day  
12 as the adjustment for state employees and teachers.

13 §17954. Death after eligibility for retirement

14 If a qualifying member dies at any time after  
15 completing the conditions for service retirement, but  
16 before any service retirement becomes effective, the  
17 payment of ordinary death benefits is governed as  
18 follows.

19 1. Payment of benefit. Unless an optional pay-  
20 ment method under subsection 2 is selected, the ordi-  
21 nary death benefit shall be paid as follows.

22 A. A benefit equal to the reduced retirement  
23 benefit determined in accordance with section  
24 17804, subsection 3, on the assumption that ser-  
25 vice retirement of the qualifying member had  
26 taken place on the date of his death, shall be  
27 paid for the lifetime of the first listed of the  
28 following persons alive at the death of the qual-  
29 ifying member:

30 (1) The designated beneficiary;

31 (2) Surviving spouse;

32 (3) Mother; or

33 (4) Father.

34 B. If no one qualifies under paragraph A, the  
35 accumulated contributions of the qualifying mem-  
36 ber shall be paid to his estate.

1           2. Optional payments. Optional payments are  
2 governed as follows.

3           A. If the designated beneficiary is a surviving  
4 spouse, dependent child or parent of the qualify-  
5 ing member, the designated beneficiary may elect  
6 to receive the survivor benefits provided under  
7 section 17953 in lieu of the benefits in subsec-  
8 tion 1, paragraph A.

9           B. If the monthly ordinary death benefit under  
10 subsection 1, paragraph A, is less than \$10, a  
11 first listed person under subsection 1, paragraph  
12 A may, before the beginning of the retirement  
13 benefit payments, elect to receive, in lieu of  
14 those payments, a lump sum which is the actuarial  
15 equivalent, at the date of death of the qualify-  
16 ing member, of the benefit payable under subsec-  
17 tion 1, paragraph A.

18           C. A first listed person under subsection 1,  
19 paragraph A, other than a designated beneficiary,  
20 may, before the beginning of the benefit payment  
21 under subsection 1, paragraph A, elect to re-  
22 ceive, in lieu of those payments, a lump sum  
23 equal to the accumulated contributions of the  
24 qualifying member.

25           D. A person entitled to receive benefits under  
26 this section may, before the beginning of benefit  
27 payments, elect to receive benefits under section  
28 17852, subsection 4, paragraph A; under section  
29 17852, subsection 5; under section 17852, subsec-  
30 tion 6; or under article 5 instead of benefits  
31 under this section.

32           (1) In order to elect these benefits, both  
33 the qualifying member and the beneficiary  
34 must comply with each requirement of those  
35 provisions.

36           (2) If no election is made under this para-  
37 graph, benefits payable under this section  
38 shall be in lieu of any benefits payable un-  
39 der section 17852, subsection 4, paragraph  
40 A; under section 17852, subsection 5; under  
41 section 17852, subsection 6 or under article  
42 5.

1       §17955. Transfer of funds

2           If the designated beneficiary, in accordance with  
3 section 17953, subsection 2, paragraph C, or section  
4 17954, subsection 2, paragraph A, receives the benefi-  
5 fits under section 17953, subsections 3 to 5, the  
6 amount of reserve actuarially determined for the re-  
7 irement benefit under section 17953, subsection 2,  
8 paragraph C, or section 17954, subsection 2, para-  
9 graph A, minus the amount provided by the member's  
10 contributions, shall be transferred from the Retirement  
11 Allowance Fund to the Survivors' Benefit Fund.

12                   ARTICLE 5. ACCIDENTAL DEATH BENEFITS

13       §18001. Definitions

14           As used in this article, unless the context oth-  
15 erwise indicates, "qualifying member" means a member  
16 who dies as a result of an injury arising out of and  
17 in the course of employment as an employee, or a  
18 former member receiving a disability retirement benefi-  
19 fit who dies as a result of an injury arising out of  
20 and in the course of employment as an employee.

21       §18002. Qualification for benefit

22           The beneficiary of a qualifying member shall re-  
23 ceive a benefit in accordance with section 18003.

24       §18003. Computation of benefit

25           1. Surviving spouse; no dependent children. If  
26 the qualifying member is survived by a spouse and no  
27 dependent child, the surviving spouse shall be paid  
28 2/3 of the average final compensation of the qualify-  
29 ing member.

30           2. Surviving spouse having care of dependent  
31 children. If the qualifying member is survived by a  
32 spouse who has the care of the dependent child or de-  
33 pendent children of the qualifying member, the sur-  
34 viving spouse shall be paid an annual sum equal to  
35 the average final compensation of the qualifying mem-  
36 ber.

1           3. Surviving spouse not having care of dependent  
2 children. If the qualifying member is survived by a  
3 spouse who does not have the care of the dependent  
4 child or dependent children of the qualifying member,  
5 the surviving spouse shall share with the dependent  
6 child or dependent children an annual sum equal to  
7 the average final compensation of the qualifying mem-  
8 ber, the benefit to be divided equally among the sur-  
9 viving spouse and the dependent child or dependent  
10 children.

11           4. No surviving spouse. If no spouse survives  
12 the qualifying member, the dependent child or depen-  
13 dent children shall be paid an annual sum equal to  
14 the average final compensation of the qualifying mem-  
15 ber.

16       §18004. Method of payment

17           All benefits paid under this article shall be  
18 paid in equal monthly installments beginning the  
19 first month after the death of the qualifying member.

20       §18005. Adjustment of benefits

21           1. Beneficiaries becoming ineligible. When a  
22 person sharing benefits under section 18003 ceases to  
23 be eligible to receive benefits, the subsequent bene-  
24 fits of the remaining beneficiaries shall be  
25 recalculated as if the remaining beneficiaries had  
26 been the only beneficiaries to survive the qualifying  
27 member.

28           2. Workers' compensation or similar law. The  
29 amount payable under this article shall be reduced by  
30 any amount received by the surviving spouse and de-  
31 pendent child or dependent children under Title 39,  
32 the Workers' Compensation Act, or a similar law.

33           A. Lump-sum settlements of benefits that would  
34 reduce the accidental death benefits under this  
35 subsection shall be prorated on a monthly basis  
36 in an equitable manner prescribed by the board.

37           B. The prorated lump-sum settlement amounts  
38 shall reduce the accidental death benefits pay-  
39 able monthly under this article.

1     §18006. Termination of benefits

2             The benefits under this article shall be paid to:

3             1. Surviving spouse. The surviving spouse until  
4     he dies; and

5             2. Dependent children. The dependent child or  
6     dependent children until they die or until they no  
7     longer meet the definition of "dependent child" under  
8     section 17001, subsection 12.

9     §18007. Benefits in lieu of article 4

10            The benefits provided under this article shall be  
11     in lieu of any benefits otherwise payable under sec-  
12     tion 17852, subsections 4 to 6 or article IV.

13                             SUBCHAPTER VI

14                             GROUP LIFE INSURANCE

15     §18051. Authorization

16            The board, and only the board, may purchase for  
17     the retirement system, from one or more life insur-  
18     ance companies, a policy or policies of life insur-  
19     ance, as defined by Title 24-A, section 702.

20            1. Procedure. Proposals for the purchase of insur-  
21     ance may be solicited from one or more insurance  
22     companies on a competitive basis or an existing poli-  
23     cy or policies may be renegotiated.

24            2. Licensed company. Any policy or policies  
25     purchased shall be purchased from a company or compa-  
26     nies licensed under the laws of this State.

27     §18052. Nature of policy

28            1. Limitation. All provisions of a policy or  
29     policies purchased under section 18051 shall be sub-  
30     ject to the limitations of Title 24-A, sections 2601  
31     to 2628.

32            2. No reduction of benefits. No provisions of a  
33     policy or policies purchased under section 18051 may  
34     reduce the benefits granted under this subchapter.

1     §18053. Rules

2             The board may promulgate and publish, in accord-  
3 ance with chapter 375, subchapter II, whatever rules  
4 are necessary and proper to give effect to the in-  
5 tent, purposes and provisions of this subchapter.

6     §18054. Administration

7             1. Expenses. All expenses of a group life in-  
8 urance program shall be reimbursed from premium rate  
9 adjustments, dividends or interest earnings on re-  
10 serves.

11            2. Report. A report of the activities of the  
12 group life insurance program shall be published annu-  
13 ally.

14     §18055. Participation

15            1. Availability. Except as provided in subsec-  
16 tion 2, insurance purchased under section 18051 shall  
17 be made available to the following persons:

18            A. Elective and appointive officers and employ-  
19 ees of the State eligible for membership in the  
20 retirement system;

21            B. Teachers eligible for membership in the re-  
22 irement system;

23            C. Justices of the Supreme Judicial Court and  
24 the Superior Court and Judges of the District  
25 Court and the Administrative Court; and

26            D. Workers' compensation commissioners.

27            2. Exception. The board may, by rule, provide  
28 standards for inclusion or exclusion of employees on  
29 the basis of nature and type of employment or condi-  
30 tions. No employee or group of employees may be ex-  
31 cluded solely on the basis of the hazardous nature of  
32 employment.

33     §18056. Coverage

1           1. Basic insurance. Life insurance and acciden-  
2 tal death and dismemberment insurance, to be known as  
3 "basic insurance," shall be available to all eligible  
4 participants.

5           A. The amount of life insurance to be paid upon  
6 death shall be equal to the participant's annual  
7 earnable compensation rounded up to the next  
8 \$1000.

9                   (1) A participant insured under a basic in-  
10 surance policy shall be automatically cov-  
11 ered for any change in the maximum due to a  
12 change in annual earnable compensation.

13                   (2) The date of change in coverage under  
14 subparagraph (1) shall coincide with the ef-  
15 fective date of the change in annual earn-  
16 able compensation.

17           B. The accidental death and dismemberment insur-  
18 ance shall provide payments as follows.

19                   (1) Losses and amounts payable shall be de-  
20 termined according to the following table.

21	<u>LOSS</u>	<u>AMOUNT PAYABLE</u>
22	<u>Loss of life by</u>	<u>An additional amount equal</u>
23	<u>accident</u>	<u>to that provided under</u>
24		<u>subsection 1, paragraph A</u>
25	<u>Loss of one hand</u>	<u>One-half the amount</u>
26	<u>or foot or sight</u>	<u>provided under subsection</u>
27	<u>of one eye</u>	<u>1, paragraph A</u>
28	<u>Loss of 2 or</u>	<u>The amount provided under</u>
29	<u>more limbs or</u>	<u>subsection 1, paragraph A</u>
30	<u>loss of both eyes</u>	
31	<u>or loss of one</u>	
32	<u>limb and loss of</u>	
33	<u>sight of one eye</u>	

34                   (2) For any one accident the aggregate  
35 amount of group accidental death and dismem-  
36 berment insurance that may be paid may not  
37 exceed the amount provided under subsection  
38 1, paragraph A.



1           2. Supplemental insurance. Additional insurance  
2 coverage of equal amounts to those described in sub-  
3 section 1, to be known as "supplemental insurance,"  
4 shall be available to each participant purchasing in-  
5 surance under subsection 1.

6           3. Dependent insurance. Each participant may  
7 elect to insure the life of a dependent not insured  
8 in the group covered under subsections 1 and 2.

9           A. A participant may elect either Plan A or Plan  
10 B, but not both.

	<u>Plan A</u>	<u>Plan B</u>
11 <u>Spouse</u>	<u>\$5,000</u>	<u>\$10,000</u>
12 <u>Full-time unmarried</u>	<u>\$5,000</u>	<u>\$5,000</u>
13 <u>students to age 22</u>		
14 <u>Children, 6 months to</u>	<u>\$5,000</u>	<u>\$5,000</u>
15 <u>age 19</u>		
16 <u>Children, 0 to 6 months</u>	<u>\$1,000</u>	<u>\$2,500</u>

17           B. Insurance purchased under this subsection is  
18 subject to the limitations of Title 24-A, section  
19 2611-A.

20           C. The number of dependents may not effect the  
21 premium rate for insurance purchased under this  
22 subsection.

23           §18057. Payments on death

24           Any amount of group life insurance and group ac-  
25 cidental death insurance in force on any employee at  
26 the date of his death shall be paid, upon the estab-  
27 lishment of a valid claim, in the following order of  
28 precedence.

29           1. Designated beneficiary. First, to the bene-  
30 ficiary or beneficiaries whom the employee designated  
31 in writing, if the written designation was received  
32 in the employing office before the employee's death.  
33

1           2. Widow or widower. Second, if no beneficiary  
2 qualifies under subsection 1, to the widow or widower  
3 of the employee.

4           3. Children. Third, if no one qualifies under  
5 subsection 1 or 2, to the child or children of the  
6 employee and descendants of deceased children by  
7 representation.

8           4. Parents. Fourth, if no one qualifies under  
9 subsection 1, 2 or 3, to the surviving parent or par-  
10 ents of the employee.

11          5. Executor or conservator. Fifth, if no one  
12 qualifies under subsection 1, 2, 3 or 4, to the duly  
13 appointed executor or conservator or the estate of  
14 the employee.

15          6. Next of kin. Sixth, if no one qualifies un-  
16 der subsection 1, 2, 3, 4 or 5, to other next of kin  
17 of the employee entitled under the laws of domicile  
18 of that employee at the time of his death.

19 §18058. Insurance automatic

20          1. Employees automatically insured. All employ-  
21 ees eligible for basic insurance under this subchap-  
22 ter shall be automatically insured for the amounts  
23 applicable under this subchapter, beginning on the  
24 date they first become eligible.

25          2. Employees not wanting to be insured. Any em-  
26 ployee not wanting to be insured under this subchap-  
27 ter shall, on the appropriate form, give written no-  
28 tice to his employing officer and to the retirement  
29 system that he does not want to be insured.

30           A. If the notice is received before the employee  
31 has become automatically insured, he shall not be  
32 insured.

33           B. If the notice is received after the employee  
34 has become automatically insured, his insurance  
35 shall cease effective at the end of the pay peri-  
36 od during which the notice is received by the em-  
37 ploying office.

1 C. Any person who does not want to be insured  
2 may subsequently apply for insurance, but must  
3 produce evidence of insurability at his own ex-  
4 pende and in accordance with the requirements of  
5 the insurance underwriter.

6 §18059. Payment of premiums

7 Payment of premiums for group life insurance  
8 shall be on the basis determined by the board to be  
9 actuarially sufficient to pay anticipated claims.

10 §18060. Review of insurance program

11 Each year, upon receipt of the annual report sub-  
12 mitted by the underwriter, the board shall review all  
13 phases of the group life insurance program and shall,  
14 within 90 days of receipt of the annual report, de-  
15 termine the reserves necessary to pay anticipated  
16 claims and the method of distribution of any accumu-  
17 lations above those reserves.

18 §18061. Termination of coverage

19 1. Separation from service. The insurance on  
20 any employee shall terminate upon his separation from  
21 service, except as extended by:

22 A. Provisions contained in the policy for waiver  
23 of premiums upon total and permanent disability;  
24 and

25 B. Provisions for temporary extension of cover-  
26 age and conversion to an individual policy of  
27 life insurance.

28 2. Retirement. If, on the date the insurance  
29 would otherwise terminate, the employee retires, in  
30 accordance with this Part, the employee's basic life  
31 insurance only shall be continued without cost to him  
32 and in the amounts provided in this subsection.

33 A. On retirement for reasons other than disabil-  
34 ity, the average amount of basic insurance in  
35 force for the last 3 years prior to retirement  
36 shall be continued in force at no cost to the  
37 participant, if he has participated in the group

1 life insurance program for a minimum of 10 years  
2 continuously and immediately before retirement.

3 (1) Except as provided in paragraph B, the  
4 average amount shall be reduced at the rate  
5 of 15% per year to a minimum of 40% of the  
6 average amount or \$2,500, whichever is  
7 greater.

8 (2) In determining benefits under this sub-  
9 chapter, the reductions shall become effec-  
10 tive at 12:01 a.m. of the day following the  
11 first year anniversary of the date of re-  
12 retirement and each succeeding retirement an-  
13 iversary thereafter until the minimum has  
14 been reached.

15 B. The reduction set out in paragraph A, subpar-  
16 agraph (1) does not apply to any Justice of the  
17 Supreme Judicial Court or Superior Court, to any  
18 Judge of the District Court or Administrative  
19 Court, to any workers' compensation commissioner  
20 nor to any retired justice or judge who was in-  
21 sured and who was living on September 14, 1979.

22 (1) The average amount of insurance re-  
23 ferred to in this subsection for any justice  
24 or judge shall be continued in force at no  
25 cost to the justice or judge until he  
26 reaches 70 years of age.

27 (2) When a justice or judge reaches 70  
28 years of age, the amount of insurance in  
29 force shall become 25% of the average amount  
30 of insurance.

31 C. On retirement for disability, the amount of  
32 basic insurance in force at the time of retire-  
33 ment shall be continued in force until normal re-  
34 retirement age, after which the amount shall be re-  
35 duced, as provided in paragraphs A and B, at no  
36 cost to the recipient.

37 CHAPTER 425

38 PARTICIPATING LOCAL DISTRICTS



1 Part by filing with the board a duly certified copy  
2 of the vote of the body which would be entitled to  
3 approve participation under section 18201, setting  
4 forth the amendments to this Part which are to be  
5 adopted by that district.

6 A. A participating local district may elect to  
7 retain any or all of the provisions of the re-  
8 irement law that the district adopted at the  
9 time of the original contract and including any  
10 changes adopted or selected by the district after  
11 that time.

12 B. The participating local district may request  
13 a valuation to determine the cost of any amend-  
14 ments. The cost of the valuation shall be as-  
15 essed to and paid by the participating local  
16 district.

17 2. Effectiveness of amendments. Any amendments  
18 to this Part enacted by the Legislature, which could  
19 grant benefits to employees of participating local  
20 districts, shall be effective only if the district  
21 elects to adopt the benefits and agrees to pay into  
22 the retirement system required costs as developed by  
23 the actuary.

24 §18203. Withdrawal of district from participation

25 1. Procedure. Withdrawal from participation is  
26 accomplished by filing with the board a duly certi-  
27 fied copy of the vote of the body which would be en-  
28 titled to approve participation under section 18201.

29 2. Effective date. The withdrawal shall become  
30 effective on the last day of the month following the  
31 month in which the certified notice is received by  
32 the board.

33 3. Amendments. Any amendments to this Part which  
34 take effect after the effective date of withdrawal of  
35 a participating local district may be adopted by that  
36 district for the employees who have remained in the  
37 retirement system. A participating local district  
38 withdrawing under this section may not amend its re-  
39 irement plan except in accordance with this subsec-  
40 tion.

1 §18204. Chief fiscal officer

2 The chief fiscal officer of a participating local  
3 district shall, in order to assist in the administra-  
4 tion of the retirement system:

5 1. Information. Submit to the board whatever in-  
6 formation about the employees of the participating  
7 local district the board prescribes; and

8 2. Duties. Cause to be performed whatever du-  
9 ties, with respect to the employees of the partici-  
10 ating local district, that the board prescribes.

11 SUBCHAPTER II

12 MEMBERSHIP

13 §18251. Compulsory and optional membership

14 1. Compulsory membership. Membership is compul-  
15 sory for all employees entering the service of a par-  
16 ticipating local district after the date of estab-  
17 lishment for the participating local district, but  
18 not for employees exempted under subsection 2; under  
19 section 18201, subsection 3; or under section 18252.

20 2. Optional membership. Optional membership of  
21 employees of a participating local district in the  
22 retirement system is governed as follows.

23 A. Membership in the retirement system is op-  
24 tional for employees in the service of a partici-  
25 pating local district on the date of establish-  
26 ment for that participating local district.

27 B. Membership in the retirement system is op-  
28 tional for elected officials or officials ap-  
29 pointed for a fixed term.

30 C. Membership is optional for a chief adminis-  
31 trative officer of a participating local dis-  
32 trict, whether appointed for a fixed term or  
33 whether appointed with tenure.

34 D. A person who elects not to join the retire-  
35 ment system under paragraph B or C at the begin-

1           ning of his employment may at any time apply for  
2           and be admitted to membership.

3                   (1) A person who joins the retirement sys-  
4                   tem under this subsection may not pay con-  
5                   tributions on or receive any service credit  
6                   for the period during which he elected not  
7                   to be a member of the retirement system.

8                   (2) Membership service credit for persons  
9                   joining the retirement system under this  
10                   subsection shall begin as of the effective  
11                   date of first contributions to the retire-  
12                   ment system.

13                   (3) This paragraph applies to any member  
14                   who begins membership after December 31,  
15                   1985.

16           \$18252. Membership in districts with Social Security  
17           coverage

18                   An employee who is or would be covered by the  
19                   United States Social Security Act as a result of his  
20                   employment by a participating local district may  
21                   elect to join, not to join or to withdraw from the  
22                   retirement system under the following conditions.

23                   1. New employees. A new employee may join the  
24                   retirement system at the beginning of his employment  
25                   or on the next 2 anniversaries of the beginning of  
26                   his employment, so long as he is still an employee of  
27                   the participating local district and the district  
28                   continues to be a participating local district.

29                   2. Employee who is a participating member. An  
30                   employee who is a participating member of the retire-  
31                   ment system and who wishes to withdraw from the sys-  
32                   tem may, at his discretion, withdraw his contribu-  
33                   tions in accordance with the procedures in section  
34                   18306.

35                   3. Employee who has previously withdrawn. An em-  
36                   ployee who has previously withdrawn from the retire-  
37                   ment system may choose to rejoin the system within 3  
38                   years of his withdrawal under the following condi-  
39                   tions.



1 A. He must repay to the retirement system an  
2 amount equivalent to the withdrawn contributions  
3 plus the amount of interest which would be re-  
4 quired of any terminated employee who had become  
5 reemployed and had elected to rejoin the retire-  
6 ment system and to repay his contributions.

7 B. The employer must still be a participating  
8 local district allowing new membership in the re-  
9 irement system.

10 C. The right to rejoin is limited to one occur-  
11 rence.

12 §18253. Employment changes affecting membership

13 1. Reemployment with new employer. Membership of  
14 a member who is reemployed with a new employer is  
15 governed as follows.

16 A. Any member of the retirement system whose  
17 service is terminated as a state employee, teach-  
18 er or participating local district employee and  
19 who becomes employed as a state employee, teacher  
20 or participating local district employee with a  
21 new employer shall, if he has not previously  
22 withdrawn his accumulated contributions:

23 (1) Have his membership transferred to his  
24 account with the new employer; and

25 (2) Be entitled to all benefits which:

26 (a) Are based on creditable service  
27 and earnable compensation with the pre-  
28 vious employer and the provisions of  
29 this Part in effect with respect to the  
30 previous employer at the date of termi-  
31 nation of service by the member; and

32 (b) Do not require additional contri-  
33 butions by the new employer.

34 B. The new employer may elect to include the  
35 creditable service and earnable compensation of  
36 the member with the previous employer with the  
37 creditable service and earnable compensation with

1 the new employer. If that election is made, the  
2 new employer shall make, from time to time, what-  
3 ever contributions are necessary to provide the  
4 benefits under the retirement system for the mem-  
5 ber as have accrued to the member by reason of  
6 his previous employment and as may accrue to the  
7 member by reason of his new employment.

8 C. All funds in the retirement system contrib-  
9 uted by the member's former employer on account  
10 of his previous employment shall be transferred  
11 to the account of the new employer and shall be  
12 used to liquidate the liability incurred by rea-  
13 son of the previous employment.

14 2. Purchase of previously rendered creditable  
15 service. A member of a participating local district  
16 who has served in any participating local district or  
17 in any local district may purchase, by mutual agree-  
18 ment between the participating local district and the  
19 person concerned, service credit for the service pre-  
20 viously rendered, upon proper certification that:

21 A. The service had been rendered; and

22 B. The current employer will assume the liabili-  
23 ty incurred by the granting of the service credit  
24 for the previous time served.

25 3. Former employee. Notwithstanding anything to  
26 the contrary, a participating local district may  
27 grant service credit for creditable service to any  
28 former employee who is currently a member of the re-  
29 irement system. The entire actuarial cost of grant-  
30 ing the service credit shall be fully funded by the  
31 district granting the service credit.

32 §18254. Effect of district's withdrawal

33 The withdrawal of a participating local district  
34 from the retirement system has the following effects  
35 on an employee of the district.

36 1. Employee who withdraws contributions. An em-  
37 ployee of the district who withdraws his contribu-  
38 tions may not be a member of the retirement system as  
39 an employee of that district.

1           2. Person employed after district withdrawal. A  
2 person who begins employment with the district after  
3 the effective date of withdrawal of the district from  
4 the retirement system may not be a member of the re-  
5 retirement system as an employee of that district.

6           3. Former employee receiving or eligible for re-  
7 retirement benefits. For a former employee who is re-  
8 ceiving retirement benefits or is eligible for re-  
9 retirement benefits, the district shall continue to be  
10 a participating local district and that person shall  
11 be subject to this Part.

12           4. Former employee who has not withdrawn contri-  
13 butions. For a former employee who has not withdrawn  
14 his contributions from the retirement system, the  
15 district shall continue to be a participating local  
16 district and that person shall be subject to this  
17 Part.

18 §18255. Disbanded or dissolved local district

19           If, for any reason, any participating local dis-  
20 trict ceases to be an employing unit eligible for in-  
21 clusion in the retirement system, the membership of  
22 its employees shall cease except to the extent of any  
23 benefits that may be provided by the funds that have  
24 been established under the retirement system for that  
25 district.

26 §18256. Denial of membership rights

27           The board may, in its discretion, deny the right  
28 to become a member to any class of employees who are  
29 -serving on a temporary basis or whose compensation is  
30 set on any basis other than a per annum basis.

31 §18257. Cessation of membership

32           A member ceases to be a member of the retirement  
33 system if the member:

34           1. Withdrawal. Withdraws his contributions;

35           2. Beneficiary. Becomes a beneficiary as a re-  
36 sult of the member's own retirement; or

1           3. Death. Dies.

2           §18258. Service in the armed forces

3           1. Membership continued. The membership of the  
4 following employees is considered to have continued  
5 during the period of the employee's service in the  
6 Armed Forces of the United States:

7           A. Any employee entering a class of service in  
8 the Armed Forces of the United States approved by  
9 resolution of the board, if the employee does not  
10 withdraw his contributions; and

11           B. Any employee who enlists in or is inducted or  
12 drafted into the service of the Armed Forces of  
13 the United States in time of war, including:

14                   (1) During World War I between April 6,  
15 1917, and March 3, 1921; or

16                   (2) While the United States Selective Ser-  
17 vice Act of 1948, Public Law 759, 80th Con-  
18 gress, or any of its amendments or exten-  
19 sions is in effect.

20           2. Other military benefits. Any employee who  
21 satisfies the criteria of subsection 1, paragraph B,  
22 is entitled to all the benefits of section 555.

23                                   SUBCHAPTER III

24                                   CONTRIBUTIONS

25           §18301. Member contribution

26           Each member shall contribute to the retirement  
27 system at a rate of 6.5% of earnable compensation,  
28 except as otherwise provided in this Part.

29           §18302. Employer contribution

30           1. Computation by actuary. The actuary shall  
31 compute employer contributions payable annually by  
32 the participating local district on account of em-  
33 ployees who become members under subchapter II in the  
34 same manner as if they were state employees in ac-  
35 cordance with chapter 421, subchapter IV.

1           2. Expense. The expense of making the initial  
2 determination of the contributions under this section  
3 shall be assessed against and paid by the participa-  
4 ting local district on whose account it is made.

5 §18303. Certification and payment of contributions

6           1. Certification. The board shall certify to the  
7 chief fiscal officer of the participating local dis-  
8 trict:

9           A. The contributions computed under sections  
10 18301 and 18302;

11           B. A pro rata share of the cost of the adminis-  
12 tration of the retirement system, based upon the  
13 payroll of the employees; and

14           C. The cost of each annual valuation.

15           2. Payment and credit. The chief fiscal officer  
16 of the participating local district shall make month-  
17 ly payments to the retirement system in accordance  
18 with the board certification under subsection 1. The  
19 amounts paid shall be credited to the appropriate  
20 funds and accounts of the retirement system.

21           3. Delinquent payments. Delinquent payments due  
22 under this section:

23           A. May be recovered by action in a court of com-  
24 petent jurisdiction against the participating lo-  
25 cal district liable for the payments; or

26           B. May, at the request of the retirement system,  
27 be deducted from any other money payable to that  
28 participating local district by any department of  
29 the State.

30 §18304. Former members

31           Any former member who withdrew his contributions  
32 after termination of service and who again becomes a  
33 member may repay his earlier contributions to the  
34 Members' Contribution Fund under the following condi-  
35 tions.

1           1. Time. The repayment may not be made until at  
2 least 2 years after the date of restoration to mem-  
3 bership and must be made before the date any retire-  
4 ment benefit becomes effective for the member.

5           2. Manner of repayment. The repayment may be  
6 made to the retirement system by a direct payment or  
7 by an increased rate of contribution through payroll  
8 deduction.

9           3. Amount of repayment. The amount of repayment  
10 must be equal to the accumulated contributions with-  
11 drawn by the person plus interest on the amount of  
12 those accumulated contributions, beginning on the  
13 date of withdrawal to the date the repayment or re-  
14 payments are made, at a rate, to be set by the board,  
15 not to exceed regular interest by 5 or more percent-  
16 age points.

17       \$18305. Back contributions

18           Any member who did not become a member on the  
19 date of first employment may elect to pay into the  
20 Members' Contribution Fund under the following condi-  
21 tions.

22           1. Time. The payment must be made before the  
23 date any retirement benefit becomes effective for the  
24 member.

25           2. Manner of payment. The payment may be made to  
26 the retirement system by direct payment or by an in-  
27 creased rate of contribution through payroll deduc-  
28 tion.

29           3. Amount of payment. The amount of payment must  
30 be equal to the contributions that the member would  
31 have paid had he been a member during the entire pe-  
32 riod from the date of first employment to the date of  
33 becoming a member plus interest at a rate, to be set  
34 by the board, not to exceed regular interest by 5 or  
35 more percentage points. Interest shall be computed  
36 beginning the end of the year when those contribu-  
37 tions would have been made or beginning July 1, 1957,  
38 whichever is later, to the date of payment.

1       4. Exception. This section does not apply to any  
2 member who begins membership after December 31, 1985,  
3 and who had, in accordance with section 18251,  
4 elected not to become a member when first employed.

5       §18306. Refund of contributions

6       If the service of any member has terminated, ex-  
7 cept by death or by retirement under this Part, or if  
8 an employee of a district which withdraws from par-  
9 ticipation under section 18203 wishes to have his  
10 contributions refunded, the member or employee shall  
11 be paid the amount of his accumulated contributions,  
12 under the following conditions.

13       1. Application. The member must properly apply  
14 for a refund of contributions.

15       2. Manner of payment. Payment shall be made af-  
16 ter termination of service and not less than 22 days  
17 nor more than 37 days after receipt of the applica-  
18 tion and receipt of the last payroll upon which the  
19 name of the member appears, whichever occurs later.

20       3. Interest. No interest may be added to the  
21 member's account for any period beyond the 5th anni-  
22 versary of the date of the member's termination of  
23 service if the member has less than 10 years of cred-  
24 itable service.

25       4. Return to service. An application for refund  
26 is void if the member filing the application returns  
27 to service before issuance of the payment.

28       5. Applicability. Only contributions made by a  
29 particular member may be refunded to that member un-  
30 der this section.

31       §18307. Inactive accounts

32       Any member account in the retirement system which  
33 has been inactive for 10 or more years and which has  
34 a balance of contributions under \$100 may be trans-  
35 ferred by the executive director to the Retirement  
36 Allowance Fund.

1       1. Restoration to service. Any former member who  
2 is restored to service may have any contributions and  
3 interest transferred under this section restored to  
4 that member's credit.

5       2. Refunds. Any former member who applies for a  
6 refund of contributions and interest transferred un-  
7 der this section shall be paid that refund in accord-  
8 ance with section 18306.

9       §18308. CETA service

10       1. Definitions. As used in this section, unless  
11 the context otherwise indicates, the following terms  
12 have the following meanings.

13       A. "CETA employee" means an employee enrolled in  
14 a program under the United States Comprehensive  
15 Employment and Training Act of 1973, as amended.

16       B. "Employer" means the State or the participa-  
17 ting local district with which the CETA employee  
18 is placed for training and employment.

19       C. "Prime sponsor" means the CETA prime sponsor,  
20 a unit of government responsible for planning and  
21 operating all CETA programs within the geographic  
22 jurisdiction encompassed by that unit of govern-  
23 ment.

24       2. Eligibility for membership. CETA employees  
25 are considered eligible for membership in the retire-  
26 ment system from the date of their enrollment in a  
27 CETA program, whether or not they become members.

28       3. Employer's contributions. Employer's contri-  
29 butions are governed as follows.

30       A. Notwithstanding this chapter and chapter 421,  
31 subchapter IV, neither the State nor a participa-  
32 ting local district is required to contribute to  
33 the retirement system for CETA employees.

34       B. If an employee elects, under section 18361,  
35 to purchase his CETA time for past creditable  
36 service, the employee's CETA prime sponsor shall  
37 then pay to the retirement system an amount equal



1 to the employer's contribution, plus regular in-  
2 terest, for the employee's CETA time, using only  
3 CETA funds.

4 4. Employee's contributions. Employee's contri-  
5 butions are governed as follows.

6 A. Notwithstanding section 18301, a CETA employ-  
7 ee is not required to contribute to the retire-  
8 ment system.

9 B. A CETA employee may contribute during his pe-  
10 riod of CETA employment or may defer contribu-  
11 tions until his post-CETA employment status is  
12 known.

13 C. If an employee who has not contributed during  
14 his CETA employment or who has withdrawn his con-  
15 tributions later elects, under section 18361, to  
16 purchase his CETA time for past creditable ser-  
17 vice, the employee shall pay to the retirement  
18 system an amount equal to the employee's contri-  
19 butions, plus interest, as provided under sec-  
20 tion 18305.

21 5. Return of contributions. Any CETA employee  
22 who contributed to the retirement system during his  
23 CETA employment and who does not meet the require-  
24 ments of section 18361, shall be refunded his employ-  
25 ee contributions, plus regular interest, upon request  
26 to the retirement system.

27 §18309. Fire fighters

28 1. Contribution rate. Except as provided in sub-  
29 section 2, each fire fighter, including the chief of  
30 a fire department, shall contribute to the retirement  
31 system at a rate of 8% of earnable compensation so  
32 long as he is employed as a fire fighter.

33 2. Exception. A participating local district may  
34 elect to reduce the rate of contribution set out in  
35 subsection 1 to 6.5% of earnable compensation for all  
36 fire fighters who continue employment after attaining  
37 eligibility for retirement during the remainder of  
38 their employment as fire fighters.

1     §18310. Police officers

2             1. Contribution rate. Except as provided in sub-  
3 section 2, each police officer, including the chief  
4 of a police department, shall contribute to the re-  
5 retirement system at a rate of 8% of earnable compensa-  
6 tion so long as he is employed as a police officer.

7             2. Exception. A participating local district may  
8 elect to reduce the rate of contribution set out in  
9 subsection 1 to 6.5% of earnable compensation for all  
10 police officers who continue employment after attain-  
11 ing eligibility for retirement during the remainder  
12 of their employment as police officers.

13     §18311. Armed forces

14             1. Service after becoming a member. For employ-  
15 ees who qualify to have their membership in the re-  
16 retirement system continued under section 18258, sub-  
17 section 1, because of service in the Armed Forces of  
18 the United States, the participating local district  
19 shall contribute to the Members' Contribution Fund  
20 the same amount that the member would have been re-  
21 quired to contribute if the member had been serving  
22 the participating local district during the period of  
23 service in the armed forces in the same capacity in  
24 which the employee was serving at the time he joined  
25 the armed forces. Any member whose contributions to  
26 the Members' Contribution Fund are paid by the par-  
27 ticipating local district under this subsection, who  
28 withdraws or ceases to be a member of the retirement  
29 system, may not withdraw any of the contributions  
30 made by the participating local district under this  
31 subsection.

32             2. Service before becoming a member. A member  
33 who qualifies under section 18360, subsection 2,  
34 shall contribute to the retirement system for the pe-  
35 riod after service in the armed forces under the fol-  
36 lowing terms and conditions.

37             A. If the member qualifies under section 18360,  
38 subsection 2, paragraph D, contributions shall be  
39 calculated at the percentage rate required of ac-  
40 tive members during the period of time covered by  
41 the service in the armed forces applied to the

1 member's earnable compensation during the first  
2 year as an employee subsequent to service in the  
3 armed forces under the following terms and condi-  
4 tions:

5 (1) If 2 or more percentage rates were in  
6 effect during the period of service in the  
7 armed forces, the highest percentage rate  
8 shall be used;

9 (2) The minimum rate shall be 5%; and

10 (3) Interest at a rate set by the board not  
11 to exceed regular interest by 5 or more per-  
12 centage points shall be paid on the unpaid  
13 balance beginning January 1, 1976, or the  
14 date of attaining 15 years of creditable  
15 service, if later, to the date payment is  
16 completed.

17 B. If the member qualifies under section 18360,  
18 subsection 2, paragraph E, contributions shall be  
19 calculated at the rate prescribed by section  
20 18301, applied to the member's earnings during  
21 the 12 months preceding the month in which he  
22 pays or begins payment of the required contribu-  
23 tions. Interest at a rate set by the board not to  
24 exceed regular interest by 5 or more percentage  
25 points shall be paid on the unpaid balance begin-  
26 ning the first day of the month in which the mem-  
27 ber begins payment to the date payment is com-  
28 pleted.

29 SUBCHAPTER IV

30 CREDITABLE SERVICE

31 §18351. Determination of one year's service credit

32 The determination of one year's service credit  
33 shall be governed as follows.

34 1. All service in one calendar year. The board  
35 may not allow more than one year's service credit for  
36 all the service occurring in one calendar year.

1           2. Absence without pay. The board may not allow  
2 service credit for a period of absence without pay of  
3 more than a month's duration for a full-time posi-  
4 tion.

5           3. Board determination. The board shall deter-  
6 mine by appropriate rules how much service in any  
7 year qualifies for one year's service credit. Service  
8 for the full normal working time in any year shall be  
9 equivalent to one year's service credit.

10   §18352. Service credit for prior service

11           1. Determination. Service credit for prior ser-  
12 vice may be allowed in accordance with section 18358.

13           2. Election by district. A participating local  
14 district may elect to include for all employees of  
15 the district service credit for prior service in ex-  
16 cess of 25 years.

17           3. Verification of prior service. Upon verifica-  
18 tion of the length of service rendered before the ap-  
19 plicable date of establishment of the retirement sys-  
20 tem for a particular member, the board shall grant  
21 service credit for that service.

22   §18353. Service credit for back contributions

23           1. Entitlement to service credit. Upon comple-  
24 tion of payment of back contributions under section  
25 18305, the member is entitled to service credit for  
26 the period of time for which the contributions have  
27 been made.

28           2. Retirement benefit effective before comple-  
29 tion of payment. If a retirement benefit becomes ef-  
30 fective before completion of payment of back contri-  
31 butions under section 18305, the member is entitled  
32 to service credit for that portion of the total of  
33 that service which the total amount of payment actu-  
34 ally made bears to the total contributions owed, in-  
35 cluding, in each instance, interest determined in ac-  
36 cordance with section 18305.

37   §18354. Out-of-state service

1           1. Generally. For members who began membership  
2 before January 1, 1976, additional service credit  
3 shall be allowed for out-of-state service, subject to  
4 the following conditions.

5           A. The member must have creditable service in  
6 the State of at least 20 years in the aggregate;

7           B. The member, before any retirement benefit be-  
8 comes effective for him, must make contributions  
9 into the Members' Contribution Fund for the years  
10 of out-of-state service on the same basis as he  
11 would have made contributions had the service  
12 been in the State, including interest at a rate,  
13 to be set by the board, not to exceed regular in-  
14 terest by 5 or more percentage points. Interest  
15 shall be computed from the end of the year when  
16 those contributions would have been made, if the  
17 service had been in the State, to the date of  
18 payment; and

19           C. The member's last 10 years of creditable ser-  
20 vice before the date of retirement must be in the  
21 State and no more than 10 years of service credit  
22 may be allowed for out-of-state service.

23           2. Alternative. If service credit for out-  
24 of-state service is not allowed under subsection 1,  
25 additional service credit for out-of-state service  
26 shall be allowed for any member in the determination  
27 of his retirement benefit under this Part if the mem-  
28 ber, before any retirement benefit becomes effective  
29 for himself, pays into the Members' Contribution  
30 Fund, by a direct payment or by an increased rate of  
31 contribution through payroll deduction, an amount  
32 plus regular interest on that amount, which will be  
33 the actuarial equivalent, at the effective date of  
34 his retirement benefit, of the portion of his retire-  
35 ment benefit based on the additional creditable ser-  
36 vice.

37           A. Additional amounts paid under this subsection  
38 shall become a part of the member's accumulated  
39 contributions.

40           B. If any retirement benefit becomes effective  
41 before the completion of the payment under this

1        subsection, the member is entitled to service  
2        credit for that portion of the additional credit-  
3        able service which the total amount of payments  
4        actually made, plus regular interest on those  
5        payments to the date the retirement benefit be-  
6        comes effective, bears to the actuarial equiva-  
7        lent of the total portion of the retirement bene-  
8        fit based on the additional creditable service.

9        3. Service credit not to be used in another  
10       state. Notwithstanding anything to the contrary, any  
11       application for a retirement benefit that becomes ef-  
12       fective after May 11, 1966, and for which out-  
13       of-state service credit is to be granted must be ac-  
14       companied by a certified statement from the appropri-  
15       ate retirement system that the out-of-state service  
16       credit granted has not been or will not be used to  
17       obtain benefits in another state.

18       §18355. Disability retirement service credit

19       A beneficiary shall receive service credit for  
20       the purpose of determining benefits under this Part  
21       for the period following termination of service for  
22       which he receives disability retirement benefits un-  
23       der subchapter V, article 3.

24       §18356. Unused accrued or accumulated sick leave or  
25       unused vacation leave

26       1. Election. A participating local district may  
27       elect to provide service credit for unused accrued or  
28       accumulated sick leave or unused vacation leave or a  
29       combination of both, for which a member is credited  
30       on termination of service, but for which the member  
31       does not receive payment.

32       2. Limitation. Leave qualifying for service  
33       credit under subsection 1 may not exceed a total of  
34       90 days, except as provided in subsection 3.

35       3. Exceptions. Leave beyond 90 days may qualify  
36       as service credit, up to the maximum number of days  
37       of leave, set by personnel rules or by contract, that  
38       a person is allowed to accumulate, if the participa-  
39       ting local district pays into the retirement system  
40       the actuarial equivalent of the benefit.

1     §18357. Former members

2           1. Service credit reinstated. Upon repayment of  
3 earlier contributions in accordance with section  
4 18304, a former member who again becomes a member is  
5 entitled to all service credit that he acquired dur-  
6 ing previous membership.

7           2. Retirement benefit effective before comple-  
8 tion of repayment. If any retirement benefit becomes  
9 effective before completion of the repayment under  
10 section 18304, a member is entitled to service credit  
11 for that portion of the total of the previous credit-  
12 able service which the total amount of repayments ac-  
13 tually made bears to the total amount payable, if it  
14 had been paid on the date of restoration to member-  
15 ship, including interest determined in accordance  
16 with section 18304, beginning with the date of pay-  
17 ment to the date the retirement benefit becomes ef-  
18 fective.

19     §18358. Prior service; service previous to member-  
20           ship

21           1. Employee in service when district participa-  
22 tion begins. Any employee who is in service on the  
23 date when participation of the local district begins  
24 and who elects to join the retirement system after  
25 that date is entitled to:

26           A. Service credit for prior service for the pe-  
27 riods of previous service certified by the par-  
28 ticipating local district as creditable prior  
29 service rendered to that district or to the  
30 State, for which the participating local district  
31 makes contributions; and

32           B. Service credit for all membership service for  
33 which contributions are paid into the retirement  
34 system by the member.

35           2. Persons not joining retirement system at be-  
36 ginning of employment. A person who joins the retire-  
37 ment system under section 18251, subsection 2, para-  
38 graph D, after December 31, 1985:

1       A. May not pay contributions on or receive any  
2       service credit for the period during which he  
3       elected not to be a member of the retirement sys-  
4       tem; and

5       B. Begins to accrue membership service credit on  
6       the effective date of first contributions to the  
7       retirement system.

8       §18359. Employees covered by the Social Security Act

9           1. New employee electing not to join. A new em-  
10       ployee who elects, under section 18252, subsection 1,  
11       not to join the retirement system at the beginning of  
12       his employment, may not receive service credit for  
13       the period during which he elected not to be a member  
14       of the retirement system.

15           2. Employee who withdraws and rejoins. An em-  
16       ployee who withdraws from the retirement system and  
17       rejoins within the 3-year period under section 18252,  
18       subsection 3, may not receive any service credit for  
19       any year or part of a year during which he was with-  
20       drawn from the retirement system.

21       §18360. Service in the armed forces

22           Service credit for service in the Armed Forces of  
23       the United States is governed as follows.

24           1. Service after becoming a member. A member is  
25       entitled to service credit for the period of time  
26       during which his membership is continued under sec-  
27       tion 18258, subsection 1, under the following terms  
28       and conditions.

29           A. No member who is otherwise entitled to ser-  
30       vice credit for military leave may be deprived of  
31       these credits if the member's return to member-  
32       ship service is delayed beyond 90 days after his  
33       separation from the service in the Armed Forces  
34       of the United States, under conditions other than  
35       dishonorable, if the delay is caused by an ill-  
36       ness or disability incurred in the service in the  
37       armed forces.



1 B. A member may not receive service credit for  
2 military leave beyond the end of the period of  
3 first enlistment or induction or beyond 4 years  
4 from the date of original call to active duty in  
5 the armed forces, whichever is less, unless:

6 (1) The member's return to active duty in  
7 the armed forces or the extension of the pe-  
8 riod of service beyond 4 years is required  
9 by some mandatory provision; and

10 (2) The member presents proof of the return  
11 to or extension of service satisfactory to  
12 the board.

13 2. Service before becoming a member. If a par-  
14 ticipating local district elects to provide service  
15 credit for service in the Armed Forces of the United  
16 States under this subsection, a member who served as  
17 a full-time active duty member of the Armed Forces of  
18 the United States before becoming a member of the re-  
19 irement system is entitled to service credit for the  
20 period of time he served in the armed forces, under  
21 the following terms and conditions.

22 A. On the date of retirement, the member must  
23 have at least 15 years of creditable service.

24 B. Service credit under this subsection is lim-  
25 ited to 4 years.

26 C. The member must have separated from the armed  
27 forces under conditions other than dishonorable.

28 D. Except as provided in paragraph E, the member  
29 must have begun membership before January 1,  
30 1976.

31 E. A member who served in the armed forces at  
32 any time from August 5, 1964 to May 7, 1975, is  
33 entitled to service credit under this subsection  
34 if he begins membership before January 1, 1988.

35 F. Except for members qualifying under paragraph  
36 E, this subsection:

1                   (1) Applies to all persons, active or re-  
2                   tired, but, for those already retired, the  
3                   effective date of any adjustment shall be  
4                   not earlier than the date on which the time  
5                   or credit is certified to the retirement  
6                   system; and

7                   (2) Does not apply to any member who begins  
8                   membership on or after January 1, 1976.

9                   G. Contributions required by section 18311 must  
10                  have been paid.

11                  H. A participating local district may elect,  
12                  with regard to special plans under section 18453,  
13                  subsections 2 to 9, that service credits under  
14                  this subsection apply only to additional retire-  
15                  ment benefits under section 18453, subsections 10  
16                  and 11, and that the service credits not apply to  
17                  age or service requirements of retirement. Noth-  
18                  ing in this paragraph may be construed to affect  
19                  in any way the rights of public employees to col-  
20                  lectively bargain for terms and conditions of em-  
21                  ployment.

22                  §18361. CETA service

23                  1. Service credit allowed. Service credit for  
24                  the period of CETA employment occurring after June  
25                  30, 1979, shall be granted to any person who, after  
26                  June 30, 1979, satisfies the following conditions.

27                  A. The person was a CETA employee;

28                  B. The person, within 90 days of termination of  
29                  CETA employment, became a non-CETA employee of  
30                  the employer;

31                  C. The person, within 90 days of becoming a  
32                  non-CETA employee, signified in writing to the  
33                  retirement system his intention to purchase time  
34                  credit under section 18308, subsection 4;

35                  D. The person has not received a return of any  
36                  contributions made under section 18308, subsec-  
37                  tion 4 or has deposited his contributions within  
38                  18 months of obtaining non-CETA employment with

1 the employer under section 18308, subsection 4;  
2 and

3 E. The employer contribution required by section  
4 18308, subsection 3, has been paid.

5 2. Retirement benefit effective before comple-  
6 tion of payment. If any retirement benefit becomes  
7 effective before the completion of the deposit under  
8 section 18308, subsection 4, the person is entitled  
9 to credit for that portion of his CETA time which the  
10 amount of the deposit actually made bears to the to-  
11 tal amount which would have been required to purchase  
12 the person's entire CETA time.

13 SUBCHAPTER V

14 BENEFITS

15 ARTICLE 1. GENERAL PROVISIONS

16 §18401. Amendment not to cause reduction in benefit

17 No amendment to this Part may cause any reduction  
18 in the amount of benefits which would be due to a  
19 member based on creditable service, compensation, em-  
20 ployee contributions and the provisions of this Part  
21 on the date immediately preceding the effective date  
22 of the amendment.

23 §18402. Eligibility for benefits

24 Only members of the retirement system or their  
25 spouses, surviving spouses, children, dependent chil-  
26 dren, parents or beneficiaries are eligible to re-  
27 ceive benefits from the retirement system.

28 §18403. Election of methods of payment

29 1. Definition. As used in this article, unless  
30 the context otherwise indicates, the term "qualifying  
31 member" means:

32 A. A member; or

33 B. A former member who is receiving a disability  
34 retirement benefit.

1           2. Election. In order to receive a benefit, a  
2 qualifying member must elect to have his service re-  
3 retirement benefit payable under any of the methods in  
4 section 18404.

5           3. Time and manner of election. A qualifying  
6 member must elect a method of payment before the be-  
7 ginning of payment of a service retirement benefit.  
8 This election must be by written notice to the execu-  
9 tive director.

10           4. Change of election. A qualifying member may  
11 revoke his election of benefits and may elect another  
12 method of payment by giving written notice to the ex-  
13 ecutive director at any time before the first payment  
14 of the service retirement benefit.

15       §18404. Methods of payment

16           A qualifying member may select payments in one of  
17 the following methods.

18           1. Full benefits. All retirement benefits shall  
19 be payable for life in equal monthly installments,  
20 including any fraction of a month, up to the date of  
21 death with no further payment made. If a participat-  
22 ing local district adopts section 18454, the benefi-  
23 fits set forth in section 18454 will be considered  
24 full benefits for purposes of this section.

25           2. Option 1. The qualifying member may elect to  
26 have a reduced retirement benefit payable to himself  
27 while alive and at the qualifying member's death to  
28 have the excess, if any, of his accumulated contribu-  
29 tions at the time of retirement over the portion of  
30 the total retirement benefit payments actually made  
31 to the qualifying member while alive, which is the  
32 actuarial equivalent amount to the accumulated con-  
33 tributions, paid in a lump sum to the beneficiary he  
34 has nominated by written designation duly acknowl-  
35 edged and filed with the executive director or, if no  
36 one has been nominated as beneficiary, to his estate.  
37 No contributions deducted from the compensation of a  
38 teacher before July 1, 1947, or required of a teacher  
39 for service credit before July 1, 1947, may be in-  
40 cluded in the accumulated contributions.

1           3. Option 2. The qualifying member may elect to  
2 have a reduced retirement benefit payable to himself  
3 while alive and at the qualifying member's death to  
4 have the benefit continued in the same amount for the  
5 life of the beneficiary he has nominated by written  
6 designation duly acknowledged and filed with the ex-  
7 ecutive director at the time of retirement, if the  
8 beneficiary survives the qualifying member.

9           4. Option 3. The qualifying member may elect to  
10 have a reduced retirement benefit payable to himself  
11 while alive and at the qualifying member's death to  
12 have the benefit continued at 1/2 the amount for the  
13 life of the beneficiary he has nominated by written  
14 designation duly acknowledged and filed with the ex-  
15 ecutive director at the time of retirement, if the  
16 beneficiary survives the qualifying member.

17           5. Option 4. The qualifying member may elect to  
18 have a reduced retirement benefit payable to himself  
19 while alive and at the qualifying member's death to  
20 have some other benefit payable, if:

21           A. The total value of the benefit during the  
22 qualifying member's life plus the benefit after  
23 his death is an actuarial equivalent of the bene-  
24 fit which the qualifying member would receive  
25 without optional modifications; and

26           B. The method used to determine the benefit is  
27 approved by the board.

28           §18405. Remarriage after retirement

29           If the recipient of a reduced service retirement  
30 benefit under section 18404, subsection 3, 4 or 5  
31 remarries after the recipient's spouse dies, the fol-  
32 lowing provisions apply.

33           1. Election of benefit for new spouse. The re-  
34 recipient may elect to have the reduced retirement ben-  
35 efit paid under the same option to the new spouse af-  
36 ter the recipient's death instead of continuing the  
37 original reduced retirement benefit to the recipient  
38 during his lifetime, under the following conditions.

1           A. The original spouse must have been the sole  
2           beneficiary of the reduced retirement benefit un-  
3           der section 18404, subsection 3, 4 or 5.

4           B. The recipient must not have reached his 70th  
5           birthday.

6           C. The recipient must be in good health at the  
7           date of election.

8           2. Time and manner of election. The recipient  
9           may make the election under subsection 1 at any time  
10          after the death of his original spouse by:

11          A. Sending a written request to the executive  
12          director; and

13          B. Submitting evidence satisfactory to the exec-  
14          utive director of the recipient's good health.

15          3. Amount of benefit. The amount of the benefit  
16          payable under the option elected shall be the actuarial  
17          equivalent, at the date of the beginning of pay-  
18          ment of benefits under this section, of the amount of  
19          reduced retirement benefits the qualifying member has  
20          been receiving.

21          §18406. Liability for payment of benefits

22          1. Retirement system. The retirement system's  
23          liability for payment of benefits is governed as fol-  
24          lows.

25          A. The retirement system is not liable for the  
26          payment of any benefits to employees or retirees  
27          of any participating local district for which re-  
28          serves have not been previously created from  
29          funds contributed by the participating local dis-  
30          trict or its employees for those benefits.

31          B. The retirement system is liable for payment  
32          of survivor benefits to beneficiaries of a par-  
33          ticipating local district member if the partici-  
34          pating local district has elected survivor bene-  
35          fits.

1       2. Participating local districts. If, when the  
2 contributions of a participating local district are  
3 computed for any fiscal year in accordance with sec-  
4 tions 18302 and 18303, any of the reserve funds of  
5 the participating local district are less than the  
6 liabilities of the reserve fund, then the amount of  
7 the contributions to be paid shall be increased ei-  
8 ther:

9       A. By the amount the liabilities exceed the re-  
10 serve funds; or

11       B. At the option of the participating local dis-  
12 trict, by the total amount of benefits payable  
13 during the fiscal year from the reserve funds  
14 that have a deficit.

15       §18407. Cost-of-living adjustment to retirement ben-  
16 efit

17       Cost-of-living adjustments to the retirement ben-  
18 efits being paid to retired participating local dis-  
19 trict employees shall be governed as follows.

20       1. Definitions. As used in this section, unless  
21 the context otherwise indicates, the following terms  
22 have the following meanings.

23       A. "Covered district" means a participating lo-  
24 cal district that provides coverage under the  
25 United States Social Security Act for its employ-  
26 ees.

27       B. "Noncovered district" means a participating  
28 local district that does not provide coverage by  
29 the United States Social Security System for its  
30 employees.

31       2. Noncovered districts. Notwithstanding section  
32 18202 and except as provided in this subsection, sub-  
33 sections 3 to 5 apply to all retired employees of  
34 noncovered districts and to beneficiaries of those  
35 retired employees.

36       A. A noncovered district which has withdrawn  
37 from participation in the retirement system on or  
38 before June 30, 1987, under section 18203 is not

1 required to provide cost-of-living adjustments  
2 for its retired employees or their beneficiaries.

3 B. A noncovered district which, on or after Sep-  
4 tember 19, 1985, engages in collective bargaining  
5 or has in force a collective bargaining agreement  
6 under Title 26, chapter 9-A, with some or all of  
7 the district's members is not required by this  
8 section to provide cost-of-living adjustments for  
9 its retired employees or their beneficiaries.  
10 When the district subsequently agrees through the  
11 collective bargaining process to provide the  
12 cost-of-living adjustment under this section, the  
13 adjustment shall apply to all the district's re-  
14 tired employees or their beneficiaries receiving  
15 retirement allowances.

16 3. Covered districts. A covered district may  
17 provide cost-of-living adjustments for its retired  
18 employees or their beneficiaries by application to  
19 the board of trustees supplying the necessary infor-  
20 mation. Upon acceptance of such a plan, the district  
21 shall supply a certified copy of its action and a  
22 statement of agreement of payment and costs.

23 4. Determination of adjustment. The cost-  
24 of-living adjustment shall be determined as follows.

25 A. Whenever there is a percentage change in the  
26 Consumer Price Index from July 1st to June 30th,  
27 the board shall automatically make an equal per-  
28 centage increase or decrease in retirement bene-  
29 fits, beginning in September, up to a maximum an-  
30 annual increase or decrease of 4%.

31 B. Whenever the annual percentage change in the  
32 Consumer Price Index from July 1st to June 30th  
33 exceeds 4%, the board shall make whatever adjust-  
34 ments in the retirement benefits are necessary to  
35 reflect an annual increase or decrease of 4% and  
36 shall report that adjustment and the actual in-  
37 crease or decrease in the Consumer Price Index to  
38 the Legislature during the month of February of  
39 the following year.

40 C. Notwithstanding any other provision of this  
41 section, the amount of annual retirement benefit



1 otherwise payable under t. Part may not be less  
2 than the retired member received on the effective  
3 date of his retirement or on July 1, 1977, which-  
4 ever amount is greater.

5 5. Cost. The board shall determine the costs of  
6 the adjustments under this section and shall include  
7 those costs in the annual valuation.

8 6. Eligibility. Cost-of-living adjustments under  
9 this section shall be applied to the retirement bene-  
10 fits of all retirees who have been retired for at  
11 least 6 months before the date that the adjustment  
12 becomes payable. Beneficiaries of deceased retirees  
13 shall be eligible for the cost-of-living adjustment  
14 at the same time the deceased retiree would have be-  
15 come eligible.

16 \$18408. Payment of benefits when a district disbands  
17 or dissolves

18 If the membership of the employees of a partici-  
19 pating local district ceases under section 18255, the  
20 funds that have been established under the retirement  
21 system for that district shall be used to provide  
22 benefits for members or beneficiaries at the date of  
23 the cessation of membership.

24 1. Allocation. The amount of the funds that have  
25 been established under the retirement system for the  
26 district at the date of the cessation of membership  
27 shall be allocated by the board in an equitable man-  
28 ner to provide benefits for the members or beneficia-  
29 ries:

30 A. In accordance with this Part as in effect at  
31 the date of the cessation; and

32 B. Based upon years of creditable service, aver-  
33 age final compensation and accumulated contribu-  
34 tions as of the date of the cessation, in the  
35 following order of priority:

36 (1) For the benefit of members to the ex-  
37 tent of the then value of their accumulated  
38 contributions in the Members' Contribution  
39 Fund;

1                   (2) If any funds remain after allocation  
2                   under subparagraph (1), then for the benefit  
3                   of beneficiaries then receiving payment of  
4                   benefits after cessation of payments to  
5                   those beneficiaries, in proportion to the  
6                   then actuarial value of their respective  
7                   benefits, but not to exceed the amount of  
8                   those values;

9                   (3) If any funds remain after allocation  
10                   under subparagraph (2), then for the benefit  
11                   of members with at least 10 years of credit-  
12                   able service who are not then receiving ben-  
13                   efit payments, to the extent of the actuari-  
14                   al value of their retirement allowances not  
15                   provided by their accumulated contributions,  
16                   allocating the funds on the basis of the  
17                   oldest ages first; and

18                   (4) If any funds remain after allocation  
19                   under subparagraph (3), then for the benefit  
20                   of members in service with the district on  
21                   the date of the cessation with less than 10  
22                   years of creditable service, who are not  
23                   then receiving benefit payments, to the ex-  
24                   tent of the actuarial value of their retire-  
25                   ment allowances not provided by their accu-  
26                   culated contributions, allocating the funds  
27                   on the basis of the oldest ages first.

28                   2. Manner of payment. The allocation of the  
29                   funds under subsection 1, as decided by the board,  
30                   may be carried out through the continuance of the  
31                   benefit payments or the funds may be distributed in  
32                   one lump sum to the persons entitled to the benefits  
33                   under subsection 1.

34                   3. Right to benefits. No member may be deprived  
35                   of his right to any benefits under this section sole-  
36                   ly because he later terminates employment with the  
37                   participating local district before his service re-  
38                   irement date.

39                   §18409. Payment from certain funds

40                   All benefits payable under this chapter shall be  
41                   paid from the Retirement Allowance Fund, except those

1 payable from the Members' Contribution Fund and the  
2 Survivors' Benefit Fund or as specifically provided  
3 in this chapter.

4 §18410. Incorrect records

5 If any error in any record of the retirement sys-  
6 tem results in a member or beneficiary receiving more  
7 or less from the system than he would have been enti-  
8 ttled to receive had the record been correct, payments  
9 shall, as far as practicable, be adjusted so that the  
10 actuarial equivalent of the benefit to which he was  
11 correctly entitled is paid.

12 §18411. Earnable compensation continued

13 For purposes of determining benefits under this  
14 chapter, the earnable compensation of a member re-  
15 tired with a disability retirement allowance under  
16 article 3 is assumed to be continued after his date  
17 of termination of service:

18 1. Rate. At the same rate as received immediate-  
19 ly before the date of termination of service; and

20 2. Percentage adjustments. Subject to the same  
21 percentage adjustments, if any, that may apply to the  
22 amount of retirement allowance of the beneficiary un-  
23 der section 18407.

24 ARTICLE 2. SERVICE RETIREMENT BENEFITS

25 §18451. Qualification for benefits

26 A member's qualification for service retirement  
27 benefits is governed by subsection 1, 2 or 3, unless  
28 the requirements of section 18543 are satisfied, in  
29 which case, one or more of the subsections of section  
30 18453 governs.

31 1. Member in service. A member who is in service  
32 when he reaches 60 years of age qualifies for a ser-  
33 vice retirement benefit if the member:

34 A. Retires upon or after reaching 60 years of  
35 age;

1           B. Has been in service for a minimum of one year  
2           immediately before retirement or has at least 10  
3           years of creditable service, which may include  
4           creditable service as a member of the Maine Leg-  
5           islative Retirement System before becoming a mem-  
6           ber of the Maine State Retirement System; and

7           C. Applies to the board in writing, stating the  
8           time he desires to retire.

9           2. Member not in service. A member who is not in  
10          service when he reaches 60 years of age qualifies for  
11          a service retirement benefit if the member:

12           A. Retires upon or after reaching 60 years of  
13           age;

14           B. Has at least 10 years of creditable service  
15           or 5 full terms as a Legislator, which may in-  
16           clude creditable service as a member of the Maine  
17           Legislative Retirement System before becoming a  
18           member of the Maine State Retirement System; and

19           C. Applies to the board in writing, stating the  
20           time he desires to retire.

21           3. Member with creditable service of 25 years or  
22          more. A member who has completed 25 or more years of  
23          creditable service qualifies for a service retirement  
24          benefit if he:

25           A. Retires at any time after completing the 25  
26           years of service, which may include creditable  
27           service as a member of the Maine Legislative Re-  
28           irement System before becoming a member of the  
29           Maine State Retirement System; and

30           B. Applies to the board in writing, stating the  
31           time he desires to retire.

32          §18452. Computation of benefit

33           1. Member in service. The total amount of the  
34          service retirement benefit for members qualified un-  
35          der section 18451, subsection 1, equals:

1           A. 1/50 of the member's average final compensa-  
2 tion multiplied by the number of years of his  
3 membership service; and

4           B. If the member has prior service, 1/50 of his  
5 average final compensation multiplied by the num-  
6 ber of years of prior service provided, that the  
7 number of years of prior service used in this  
8 computation may not exceed 25 years unless the  
9 participating local district has made the elec-  
10 tion provided under section 18352, subsection 2.

11           2. Member not in service. The amount of the ser-  
12 vice retirement benefit for members qualified under  
13 section 18451, subsection 2, shall be computed in ac-  
14 cordance with subsection 1.

15           3. Member with creditable service of 25 years or  
16 more. The amount of the service retirement benefit  
17 for members qualified under section 18451, subsection  
18 3, shall be computed in accordance with subsection 1,  
19 except that:

20           A. The amount arrived at under subsection 1  
21 shall be reduced by applying to that amount the  
22 percentage that a life annuity due at age 60  
23 bears to the life annuity due at the age of re-  
24 tirement.

25           B. For the purpose of making the computation un-  
26 der paragraph A, the board-approved tables of an-  
27 nuities in effect at the date of the member's re-  
28 tirement shall be used.

29           §18453. Special retirement benefits

30           A participating local district may, by filing  
31 with the board a duly certified copy of its action,  
32 provide, in lieu of any other retirement benefit in  
33 this Part, special retirement benefit plans in this  
34 section. If a member retires after becoming qualified  
35 to retire under section 18451, his retirement benefit  
36 will be computed in accordance with section 18452, if  
37 that amount is greater than the amount computed under  
38 this section.

1           1. Employee Special Plan #1. A retirement bene-  
2 fit equal to 1/2 average final compensation for mem-  
3 bers who have reached 60 years of age and who have at  
4 least 30 years of creditable service.

5           2. Employee Special Plan #2. A retirement bene-  
6 fit to police officers, firefighters, sheriffs and  
7 full-time deputy sheriffs or any other participating  
8 local district employees who have completed 20 to 25  
9 years of creditable service, the number of years to  
10 be selected by the participating local district. The  
11 benefits shall be computed as follows:

12           A. Except as provided in paragraph B, 1/2 of his  
13 average final compensation; or

14           B. If his benefit would be greater, the part of  
15 his service retirement benefit based upon member-  
16 ship service before July 1, 1977, shall be deter-  
17 mined, on a pro rata basis, on his current annual  
18 salary on the date of retirement and the part of  
19 his service retirement benefit based upon member-  
20 ship service after June 30, 1977, shall be deter-  
21 mined in accordance with paragraph A.

22           3. Firefighter Special Plan #1. A retirement  
23 benefit equal to 1/2 of his average final compensa-  
24 tion to a firefighter, including the chief of a fire  
25 department, who has completed at least 25 years of  
26 creditable service in that capacity and who retires  
27 upon or after reaching age 55.

28           4. Firefighter Special Plan #2. A retirement  
29 benefit to a firefighter, including the chief of a  
30 fire department, who has completed at least 25 years  
31 of creditable service in that capacity and who re-  
32 tires upon or after reaching age 55. The benefits  
33 shall be computed as follows:

34           A. Except as provided in paragraph B, 2/3 of his  
35 average final compensation; or

36           B. If his benefit would be greater, the part of  
37 his service retirement benefit based upon member-  
38 ship service before July 1, 1977, shall be deter-  
39 mined, on a pro rata basis, on his current annual  
40 salary on the date of retirement and the part of

1 his service retirement benefit based upon member-  
2 ship service after June 30, 1977, shall be deter-  
3 mined in accordance with paragraph A.

4 5. Firefighter Special Plan #3. A retirement  
5 benefit to a firefighter, including the chief of a  
6 fire department, who has completed 20 to 25 years of  
7 creditable service in that capacity, the number of  
8 years to be selected by the participating local dis-  
9 trict and who retires at any age. The benefits shall  
10 be computed as follows:

11 A. Except as provided under paragraph B, 2/3 of  
12 his average final compensation; or

13 B. If his benefit would be greater, the part of  
14 his service retirement benefit based upon member-  
15 ship service before July 1, 1977, shall be deter-  
16 mined, on a pro rata basis, on his current annual  
17 salary on the date of retirement and the part of  
18 his service retirement benefit based upon member-  
19 ship service after June 30, 1977, shall be deter-  
20 mined in accordance with paragraph A.

21 6. Police Officer Special Plan #1. A retirement  
22 benefit equal to 1/2 of his average final compensa-  
23 tion to a police officer, including the chief of a  
24 police department, who has completed at least 25  
25 years of creditable service in that capacity and who  
26 retires upon or after reaching age 55.

27 7. Police Officer Special Plan #2. A retirement  
28 benefit to a police officer, including the chief of a  
29 police department, who has completed at least 25  
30 years of creditable service in that capacity and who  
31 retires upon or after reaching age 55. The benefits  
32 shall be computed as follows:

33 A. Except as provided under paragraph B, 2/3 of  
34 his average final compensation; or

35 B. If his benefit would be greater, the part of  
36 his service retirement benefit based upon member-  
37 ship service before July 1, 1977, shall be deter-  
38 mined, on a pro rata basis, on his current annual  
39 salary on the date of retirement and the part of  
40 his service retirement benefit based upon member-

1           ship service after June 30, 1977, shall be deter-  
2           mined in accordance with paragraph A.

3           8. Police Officer Special Plan #3. A retirement  
4           benefit equal to 2/3 of average final compensation to  
5           a police officer, including the chief of a police de-  
6           partment, who has completed 20 to 25 years of credit-  
7           able service in that capacity, the number of years to  
8           be selected by the participating local district and  
9           who retires at any age. The benefits shall be com-  
10          puted as follows:

11          A. Except as provided under paragraph B, 2/3 of  
12          his average final compensation; or

13          B. If his benefit would be greater, the part of  
14          his service retirement benefit based upon member-  
15          ship service before July 1, 1977, shall be deter-  
16          mined, on a pro rata basis, on his current annual  
17          salary on the date of retirement and the part of  
18          his service retirement benefit based upon member-  
19          ship service after June 30, 1977, shall be deter-  
20          mined in accordance with paragraph A.

21          9. Sheriff and Deputy Sheriff Special Plan. A  
22          retirement benefit equal to 1/2 of his average final  
23          compensation to a sheriff or deputy sheriff who has  
24          completed at least 25 years of creditable service in  
25          that capacity and who retires upon or after reaching  
26          age 55.

27          10. Additional Benefits #1. An additional re-  
28          irement benefit for all employees qualifying under  
29          subsections 1 to 9 of 2% of average final compensa-  
30          tion for each year of membership service in the qual-  
31          ifying employment served after completion of the age  
32          and service conditions under those subsections.

33          11. Additional Benefits #2. An additional re-  
34          irement benefit for any class of employees qualify-  
35          ing under subsections 1 to 9 of 2% of average final  
36          compensation for each year of membership service in  
37          the qualifying employment served after completion of  
38          the age and service conditions under those subsec-  
39          tions and after the effective date of the action by  
40          the participating local district.



1       §18454. Spouse option - no reduction

2       A participating local district may, by filing  
3 with the board a duly certified copy of its action,  
4 provide, in lieu of any other retirement benefit in  
5 this Part, a retirement benefit on the straight life  
6 plan in accordance with the following terms and con-  
7 ditions.

8       1. Payment. The retirement benefit shall be paid  
9 to the retiree during his lifetime and, upon the  
10 retiree's death, 1/2 of the benefit shall be paid to  
11 the retiree's designated beneficiary. The benefit  
12 shall continue during the lifetime of the designated  
13 beneficiary if that beneficiary is a surviving  
14 spouse.

15       A. If no spouse survives and the retiree's des-  
16 ignated beneficiary is a dependent child or chil-  
17 dren, a retirement benefit of an equal amount  
18 shall be paid to the dependent child or children.

19       B. When more than one dependent child survives,  
20 the retirement benefit shall be divided equally  
21 among the dependent children.

22       C. When any dependent child reaches age 18, the  
23 retirement benefit shall be divided equally among  
24 the remaining dependent child or dependent chil-  
25 dren until no dependent child remains.

26       2. Limitation on beneficiary. The beneficiary is  
27 limited to a surviving spouse or a dependent child or  
28 children.

29       3. Cost. The cost to the participating local  
30 district may be paid into the retirement system on a  
31 funded basis or on a pay-as-you-go basis, whichever  
32 basis is elected by the body of the participating lo-  
33 cal district entitled to approve participation under  
34 section 18201.

35       §18455. Law governing benefit determination

36       1. Termination on or after January 1, 1976. If a  
37 member's final termination of service occurred on or  
38 after January 1, 1976, the retirement system law in

1 effect on the date of termination shall govern the  
2 member's service retirement benefit.

3 2. Termination before January 1, 1976. If a  
4 member's final termination of service occurred before  
5 January 1, 1976, the retirement system law in effect  
6 on January 1, 1976, shall govern the member's service  
7 retirement benefit.

8 §18456. Minimum benefit

9 Any member who has 10 or more years of creditable  
10 service at retirement is entitled to a minimum ser-  
11 vice retirement benefit of \$100 a month. Any former  
12 participating local district employee who had 10 or  
13 more years of creditable service and who is receiving  
14 a retirement allowance, including adjustments pro-  
15 vided by section 18407, which is less than \$100 a  
16 month, shall have his retirement benefit increased to  
17 \$100 a month the first day of the month following  
18 adoption of this section by the participating local  
19 district.

20 §18457. Restoration to service

21 If any recipient of a service retirement benefit  
22 is restored to service and, if the total of the  
23 recipient's monthly retirement benefit for any year  
24 and the recipient's total earnable compensation for  
25 that year exceeds his average final compensation at  
26 retirement, increased or decreased by the same per-  
27 centage adjustments as have been received under sec-  
28 tion 18407, the excess shall be deducted from the  
29 service retirement benefit payments during the next  
30 calendar year.

31 1. Prorated deductions. The deductions shall be  
32 prorated on a monthly basis over the year or part of  
33 the year for which benefits are received in an equi-  
34 table manner prescribed by the board.

35 2. Payments not deducted. The recipient of the  
36 service retirement benefit shall reimburse the re-  
37 retirement system for any excess payments not deducted  
38 under this section.

1           3. Retirement benefits eliminated. If the re-  
2 retirement benefit payments are eliminated by operation  
3 of this section:

4           A. The person shall again become a member of the  
5 retirement system and shall begin contributing at  
6 the current rate; and

7           B. When the person again retires, he shall re-  
8 ceive benefits computed on his entire creditable  
9 service and in accordance with the law in effect  
10 at that time.

11 §18458. Recomputation of benefit

12           When a participating local district adopts the  
13 benefits provided by the Public Laws of 1973, chapter  
14 542, benefits for former employees receiving a re-  
15 retirement benefit shall be recomputed as follows.

16           1. 1/50 basis. Each person receiving a service  
17 retirement benefit is entitled to a recomputation of  
18 benefits based upon the change in formula to a 1/50  
19 basis.

20           A. The amount resulting from the recomputation,  
21 not including retirement benefit adjustments  
22 granted under section 18407, shall be paid to the  
23 retirement benefit recipient effective the first  
24 day of the month following the effective date of  
25 adoption of these benefits by the participating  
26 local district.

27           B. Adjustments granted under section 18407 may  
28 not be changed by a recomputation of benefits un-  
29 der this section.

30           2. Three-year average basis. Each person who is  
31 receiving a service retirement benefit which had been  
32 computed on the basis of a 5-year average highest  
33 compensation is entitled to a recomputation of bene-  
34 fits based on a 3-year average highest compensation.

35           A. If the recomputed benefit represents less  
36 than a 2% increase on the basic retirement bene-  
37 fit, not including amounts accrued under section  
38 18407, the recomputed benefit will not be paid.

1           B. If the recomputed benefit represents more  
2           than a 2% increase on the basic retirement bene-  
3           fit, the retirement system shall pay the recom-  
4           puted benefits, effective the first day of the  
5           month following the effective date of adoption of  
6           these benefits by the participating local dis-  
7           trict.

8           §18459. Interchangeable benefits for law enforcement  
9           officers

10           Any service retirement benefits earned by a law  
11           enforcement officer under this article which are sub-  
12           stantially similar or equal are interchangeable.

13           §18460. Discontinuation and substitution of benefits

14           A participating local district electing retire-  
15           ment programs under section 18453, subsections 1 to  
16           9, may, by filing with the board a duly certified  
17           copy of its action:

18           1. Discontinue benefits. Discontinue any benefit  
19           under any of those subsections to any person qualify-  
20           ing for the benefit who was hired after the effective  
21           date of the district's action; and

22           2. Substitution of benefits. Substitute for the  
23           discontinued benefit any other benefit provided in  
24           this Part.

25           §18461. Collective bargaining rights

26           Nothing in section 18453, subsections 1 to 9, may  
27           be construed to affect in any way the rights of pub-  
28           lic employees to engage in collective bargaining for  
29           terms and conditions of employment.

30           ARTICLE 3. DISABILITY RETIREMENT BENEFITS

31           §18501. Definition

32           As used in this article, unless the context oth-  
33           erwise indicates, "disabled" means mentally or physi-  
34           cally incapacitated:

1           1. Permanent. To the extent that it is impossi-  
2 ble to perform the duties of his employment position  
3 and the incapacity can be expected to be permanent;  
4 and

5           2. Revealed by examination. Such that the inca-  
6 capacity will be revealed by medical examination or  
7 tests conducted in accordance with section 18503.

8           §18502. Application

9           In order to receive a benefit under this article:

10           1. Written application. The person must apply in  
11 writing to the executive director in the format spec-  
12 ified by the executive director; and

13           2. Approval. The written application must be ap-  
14 proved by the executive director.

15           §18503. Examination or tests

16           The examination or tests to determine whether a  
17 member is disabled under section 18501 are governed  
18 as follows.

19           1. Agreed upon physician. The examination or  
20 tests shall be conducted by a qualified physician mu-  
21 tually agreed upon by the executive director and mem-  
22 ber claiming to be disabled.

23           2. Agreed upon place. The examination or tests  
24 shall be conducted at a place mutually agreed upon by  
25 the executive director and member claiming to be dis-  
26 abled.

27           3. Costs. The costs incurred under subsections 1  
28 and 2 shall be paid by the retirement system.

29           §18504. Qualification for benefit

30           1. Qualification. Except as provided in subsec-  
31 tion 2, a member qualifies for a disability retire-  
32 ment benefit if he becomes disabled:

33           A. While in service; and

1           B. Before reaching the normal retirement age.

2           2. Exception. A member with fewer than 5 years  
3 of continuous creditable service immediately preced-  
4 ing his application for a disability retirement bene-  
5 fit is not eligible for that benefit if the disabili-  
6 ty is the result of a physical or mental condition  
7 which existed before the member's latest membership  
8 in the retirement system, unless the disability is a  
9 result of, or has been substantially aggravated by,  
10 an injury or accident received in the line of duty.

11           §18505. Computation of benefit

12           When a member qualified under section 18504 re-  
13 tires, the member shall receive a disability retire-  
14 ment benefit equal to 66 2/3 of his average final  
15 compensation.

16           §18506. Reduction in amount of benefit

17           1. Compensation in excess of \$10,000. If, in any  
18 year, the compensation received from engaging in any  
19 gainful occupation by a beneficiary of a disability  
20 retirement benefit exceeds \$10,000:

21           A. The excess shall be deducted from the dis-  
22 ability or service retirement benefits during the  
23 next calendar year, the deductions to be prorated  
24 on a monthly basis in an equitable manner pre-  
25 scribed by the board over the year or part of the  
26 year for which the benefits are received; and

27           B. The beneficiary shall reimburse the retire-  
28 ment system for any excess payments not deducted  
29 under paragraph A.

30           2. Disability payments under other laws. The re-  
31 duction of disability retirement benefits because of  
32 disability benefits received under other laws is gov-  
33 erned as follows.

34           A. The amount of any disability retirement bene-  
35 fit payable under this article shall be reduced  
36 by any amount received by the beneficiary for the  
37 same disability under either or both of the fol-  
38 lowing:

1           (1) The workers' compensation or similar  
2           law, except amounts which may be paid or  
3           payable under Title 39, section 56 or 56-A;  
4           or

5           (2) The United States Social Security Act,  
6           if the employment for which creditable ser-  
7           vice with the employer is allowed was also  
8           covered under that Act at the date of dis-  
9           ability retirement.

10          B. The reduction in the disability retirement  
11          benefit shall be the amount necessary to make the  
12          total of the disability retirement benefit, not  
13          including adjustments under section 18407, plus  
14          the offset amounts of workers' compensation and  
15          social security benefits, as limited under para-  
16          graph A, equal to 80% of average final compensa-  
17          tion.

18          C. The disability retirement benefit may not be  
19          reduced below the amount of the retirement bene-  
20          fit which is the actuarial equivalent of the  
21          member's accumulated contributions at the time of  
22          his retirement.

23          D. Lump-sum settlements of benefits that would  
24          reduce the disability retirement benefit under  
25          this subsection shall be prorated on a monthly  
26          basis in an equitable manner prescribed by the  
27          board.

28               (1) These prorated lump-sum settlements may  
29               not include any part of the lump-sum settle-  
30               ment attributable to vocational rehabilita-  
31               tion, attorneys' fees, physicians, nurses,  
32               hospital, medical, surgical or related fees  
33               or charges or any amount paid or payable un-  
34               der Title 39, section 56 or 56-A.

35               (2) These prorated lump-sum settlements  
36               shall reduce the disability retirement bene-  
37               fit in the same manner and amount as monthly  
38               benefits under this subsection.

39          E. Any dispute about amounts paid or payable un-  
40          der workers' compensation or about the amount of

1           the lump-sum settlement and its proration shall  
2           be determined, on petition, by a single member of  
3           the Workers' Compensation Commission, in accord-  
4           ance with Title 39. These determinations may be  
5           appealed under Title 39, section 103-B.

6           3. Restoration to service. If any recipient of a  
7           disability retirement benefit is restored to service,  
8           and if the total of the recipient's monthly retire-  
9           ment benefit for any year and the recipient's total  
10           earnable compensation for that year exceed his aver-  
11           age final compensation at retirement, increased or  
12           decreased by the same percentage adjustments as have  
13           been received under section 18407, the excess shall  
14           be deducted from the disability retirement benefit  
15           payments during the next calendar year.

16           A. The deductions shall be prorated on a monthly  
17           basis over the year or part of the year for which  
18           benefits are received in an equitable manner pre-  
19           scribed by the board.

20           B. The recipient of the disability retirement  
21           benefit shall reimburse the retirement system for  
22           any excess payments not deducted under this sec-  
23           tion.

24           C. If the retirement benefit payments are elimi-  
25           nated by operation of this subsection:

26                   (1) The person shall again become a member  
27                   of the retirement system and shall begin  
28                   contributing at the current rate; and

29                   (2) When the person again retires, he shall  
30                   receive benefits computed on his entire  
31                   creditable service and in accordance with  
32                   the law in effect at that time.

33           §18507. Payment of benefit

34           1. Beginning. Payment of disability retirement  
35           benefits shall begin on the date of termination of  
36           active service of the member, but not more than 6  
37           months before the date of receipt by the executive  
38           director of the written application, by or on behalf  
39           of the member, for disability retirement, unless it  
40           is shown that:



1           A. It was not reasonably possible to file the  
2           application for disability retirement benefits  
3           within the 6-month period; and

4           B. The application was made as soon as was rea-  
5           sonably possible.

6           2. Cessation. Payment of disability retirement  
7           benefits shall continue as long as a person is dis-  
8           abled, except that:

9           A. A disability retirement benefit ceases and a  
10          service retirement benefit shall begin:

11                   (1) On the 10th anniversary of the benefi-  
12                   ciary's normal retirement age, as defined in  
13                   section 17001, subsection 23; or

14                   (2) When the service retirement benefit of  
15                   a beneficiary would equal or exceed the  
16                   amount of his disability retirement benefit,  
17                   if that occurs before the date in subpara-  
18                   graph (1);

19          B. After the disability has continued for 5  
20          years, the disability of the beneficiary must  
21          render him unable to engage in any substantially  
22          gainful activity for which the beneficiary is  
23          qualified by training, education or experience.

24                   (1) The executive director may require,  
25                   once each year, a recipient of a disability  
26                   retirement benefit to undergo medical exami-  
27                   nations or tests, conducted in accordance  
28                   with section 18503, to determine the dis-  
29                   ability of the beneficiary.

30                   (2) If the beneficiary refuses to submit to  
31                   the examination or tests under subparagraph  
32                   (1), his disability retirement benefit shall  
33                   be discontinued until he withdraws the re-  
34                   fusals.

35                   (3) If the beneficiary's refusal under sub-  
36                   paragraph (2) continues for one year, all  
37                   his rights to any further benefits under  
38                   this article shall cease.

1                   (4) If it is determined, on the basis of  
2                   the examination or tests under subparagraph  
3                   (1), that the disability of a beneficiary no  
4                   longer exists, the payment of his disability  
5                   retirement benefit shall cease; and

6                   C. The person's average final compensation at  
7                   retirement shall include the same percentage ad-  
8                   justments, if any, that would apply to the amount  
9                   of retirement benefit of the beneficiary under  
10                   section 18407.

11                   §18508. Statement of health

12                   1. Statement required. Any person who becomes a  
13                   member of the retirement system on or after July 1,  
14                   1977, shall submit a statement of his health to the  
15                   executive director on forms prescribed by the execu-  
16                   tive director.

17                   2. Additional information. If the executive di-  
18                   rector determines that additional information is nec-  
19                   essary to determine the extent of any preexisting  
20                   disability of the member, the executive director may  
21                   require that a medical examination or tests be sub-  
22                   mitted as evidence of the member's health.

23                   A. The examination or tests shall be conducted  
24                   at a place mutually agreed upon by the member and  
25                   the executive director.

26                   B. The costs incurred shall be paid by the re-  
27                   tirement system.

28                   3. Limitation on use. The statement of health or  
29                   the examination or test results may be used only to  
30                   determine eligibility for a disability retirement  
31                   benefit under section 18504, subsection 2.

32                   4. Sanction. Any member who is required to sub-  
33                   mit a statement of health under this section and who  
34                   does not submit the statement before applying for  
35                   disability retirement benefits is not eligible to re-  
36                   ceive those benefits unless he establishes to the  
37                   satisfaction of the executive director that he meets  
38                   the qualifications of section 18504, subsection 2.

1     §18509. Statement of compensation

2           1. Requirement. The executive director shall re-  
3 quire each beneficiary of a disability retirement  
4 benefit to submit, each calendar year, a statement of  
5 his compensation received from engaging in any gain-  
6 ful occupation during that year.

7           2. Failure to submit statement. Failure to sub-  
8 mit the statement under subsection 1, shall result in  
9 the following.

10           A. If the beneficiary fails to submit the state-  
11 ment required under subsection 1 within 30 days  
12 of receipt of the executive director's request  
13 for the statement, the beneficiary's disability  
14 retirement benefit shall be discontinued until  
15 the statement is submitted.

16           B. If the beneficiary fails to submit the state-  
17 ment required under subsection 1 within one year  
18 of receipt of the executive director's request  
19 for the statement, all the beneficiary's rights  
20 to any further benefits shall cease.

21     §18510. Optional election

22           1. Election. Any beneficiary entitled to a dis-  
23 ability retirement benefit under section 1122 of the  
24 former retirement system law, as in effect immediate-  
25 ly before July 1, 1977, may elect to be governed by  
26 this article instead of the law applicable to the  
27 disability retirement benefit which he is receiving.

28           2. Manner of election. The election under sub-  
29 section 1 must be made by written application to the  
30 executive director within 6 months after adoption of  
31 this article by the participating local district.

32           3. Effect of election. If the election under  
33 subsection 1 is made, this article shall apply from  
34 the date of the beneficiary's original eligibility  
35 for disability retirement, but any increases in bene-  
36 fits may only be granted from the date of election.

37     §18511. Presumption of disability for active fire-  
38 fighters

1           1. Definition. For purposes of this section, a  
2 person is considered to be an active member of a mu-  
3 nicipal fire department or of a volunteer fire de-  
4 partment or volunteer firefighters' association if  
5 the person aids in the extinguishment of fires,  
6 whether or not the person has administrative duties  
7 or other duties as a member of the department or as-  
8 sociation.

9           2. Presumption. In participating local districts  
10 which have not adopted the disability retirement ben-  
11 efits enacted by Public Law 1975, chapter 622, sec-  
12 tion 54, and subsequent amendments, it is presumed  
13 that a member incurred a disability in the line of  
14 duty which occurred while in actual performance of  
15 duty at some definite time and place and which was  
16 not caused by the willful negligence of the member  
17 if:

18           A. The disability is the result of a  
19 cardiovascular injury which occurred, or a  
20 cardiovascular or pulmonary disease which devel-  
21 oped, within 6 months of having participated in  
22 fire fighting or in a training or drill which in-  
23 volved fire fighting;

24           B. The member was an active member of a munici-  
25 pal fire department or of a volunteer firefight-  
26 ers' association, as defined in Title 30, section  
27 3771, for at least 2 years before the injury or  
28 the onset of the disease; and

29           C. The member has been granted workers' compen-  
30 sation benefits for the cardiovascular injury or  
31 disease or the pulmonary disease.

32           3. Rebuttal. This presumption is subject to re-  
33 buttal in accordance with the Maine Rules of Evi-  
34 dence, Rule 301.

#### 35           ARTICLE 4. ORDINARY DEATH BENEFITS

##### 36           §18551. Definitions

37           As used in this article, unless the context oth-  
38 erwise indicates, the following terms have the fol-  
39 lowing meanings.

1           1. Designated beneficiary. "Designated benefi-  
2 ciary" means the beneficiary designated under section  
3 18552.

4           2. Qualifying member. "Qualifying member" means  
5 a member in service or a former member who is receiv-  
6 ing a disability retirement benefit.

7           §18552. Designated beneficiary

8           A qualifying member may designate a beneficiary  
9 to receive benefits upon the qualifying member's  
10 death by filing a written designation of beneficiary  
11 with the executive director. The last designation of  
12 any beneficiary revokes all previous designations.

13           §18553. Death before eligibility for service retire-  
14 ment

15           If a qualifying member dies at any time before  
16 completing the age and service requirements for ser-  
17 vice retirement, the payment of ordinary death benef-  
18 its is governed as follows.

19           1. Refund of contributions. The amount of the  
20 qualifying member's accumulated contributions shall  
21 be paid:

22           A. To his designated beneficiary, if any; or

23           B. If the qualifying member is not survived by a  
24 designated beneficiary, to the first listed of  
25 the following relatives, if any are alive at the  
26 qualifying member's death:

27                   (1) Surviving spouse;

28                   (2) Child or children, regardless of age,  
29 sharing equally among themselves; and

30                   (3) The older parent; or

31           C. To his estate.

32           2. Survivor benefits. Survivor benefits are gov-  
33 erned as follows.

1           A. Instead of accepting the payment provided in  
2           subsection 1, the first listed of the following  
3           relatives of the qualifying member who are living  
4           at the death of the qualifying member may elect  
5           the benefits described in subsections 3 to 5:

6                   (1) The surviving spouse, the dependent  
7                   child or dependent children, the parent or  
8                   parents, if any of these are designated ben-  
9                   eficiaries; or

10                   (2) If no beneficiary is designated, the  
11                   surviving spouse, the dependent child or de-  
12                   pendent children or the parent or parents.

13           B. If the surviving spouse elects a benefit un-  
14           der this paragraph, the dependent child or depen-  
15           dent children are entitled to receive the benefit  
16           under subsection 4; or

17           C. A person entitled to receive benefits under  
18           this section may, before the beginning of benefit  
19           payments, elect to receive benefits under article  
20           5.

21                   (1) In order to elect these survivor ben-  
22                   efits, both the qualifying member and the  
23                   beneficiary must comply with each require-  
24                   ment of article 5.

25                   (2) If no election is made under this para-  
26                   graph, benefits payable under this section  
27                   shall be in lieu of any benefits payable un-  
28                   der article 5.

29           3. Amount of survivor benefit payment to surviv-  
30           ing spouse. If the surviving spouse of the qualifying  
31           member elects a benefit under subsection 2, paragraph  
32           A, only one of the following options may be paid at  
33           one time.

34                   A. A surviving spouse of the qualifying member  
35                   shall be paid \$150 a month beginning the first  
36                   month after the death occurs and continuing until  
37                   the date of the surviving spouse's death, if:

1                   (1) The deceased qualifying member had 10  
2                   years of creditable service at the time of  
3                   his death; or

4                   (2) The surviving spouse is certified by  
5                   the medical board to be permanently mentally  
6                   incompetent or permanently physically inca-  
7                   pacitated and is determined by the executive  
8                   director to be unable to engage in any sub-  
9                   stantially gainful employment.

10                   B. A surviving spouse of the qualifying member  
11                   who has the care of the dependent child or depen-  
12                   dent children of the deceased qualifying member  
13                   and who is not eligible to receive a benefit un-  
14                   der paragraph A shall be paid \$150 a month, be-  
15                   ginning the first month after the death of the  
16                   qualifying member and continuing during the sur-  
17                   viving spouse's lifetime for as long as the de-  
18                   pendent child or the dependent children are in  
19                   the surviving spouse's care.

20                   C. A surviving spouse of the qualifying member  
21                   who is not eligible to receive a benefit under  
22                   paragraph A or B shall be paid \$150 a month, be-  
23                   ginning the first month after the surviving  
24                   spouse reaches 60 years of age and continuing un-  
25                   til the date of his death.

26                   4. Amount of survivor benefit to dependent chil-  
27                   dren. If the dependent child or dependent children of  
28                   the deceased qualifying member elect a benefit under  
29                   subsection 2, paragraph A, the payment of benefits  
30                   shall be governed as follows.

31                   A. The amount of the benefit shall be determined  
32                   as follows.

33                   (1) One dependent child shall be paid \$150  
34                   a month.

35                   (2) Two dependent children shall be paid  
36                   \$225 a month which shall be divided equally  
37                   between them.

38                   (3) Three or more dependent children shall  
39                   be paid \$300 a month which shall be divided  
40                   equally among them.

1           B. The benefits shall begin the first month af-  
2           ter the death of the qualifying member and shall  
3           be payable to each dependent child, in accordance  
4           with Title 18-A, article V, so long as he meets  
5           the definition of "dependent child" in section  
6           17001, subsection 12.

7           C. When any dependent child becomes ineligible  
8           to receive benefits under this subsection, the  
9           other dependent children, if any, shall continue  
10          to receive benefits in accordance with this sub-  
11          section.

12          5. Amount of survivor benefit to parents. If the  
13          parent of the deceased qualifying member elects a  
14          benefit under subsection 2, paragraph A, the payment  
15          of benefits shall be governed as follows.

16           A. The amount of the benefit shall be determined  
17           as follows.

18                   (1) A parent who is alive at the time of  
19                   the death of the qualifying member shall be  
20                   paid \$150 a month if he is at least 60 years  
21                   of age or, if not, when he reaches that age.

22                   (2) If both parents are eligible for bene-  
23                   fits under this article and the older parent  
24                   elects benefits under this subsection, the  
25                   older parent shall be paid \$150 a month and  
26                   the younger parent shall be paid \$105 a  
27                   month if he is at least 60 years of age or,  
28                   if not, when he reaches that age.

29                   (3) Upon the death of either parent, the  
30                   surviving parent shall receive \$150 a month.

31           B. The payment of benefits to any parent shall  
32           begin the first month after the death of the  
33           qualifying member and shall continue until the  
34           death of the parent.

35           C. Benefits are payable under this subsection  
36           only if no other benefits have been paid under  
37           subsection 3 or 4.



1           6. Transfer of funds. If benefits are paid under  
2 subsections 3 to 5, the amount of the deceased quali-  
3 fying member's accumulated contributions in the Mem-  
4 bers' Contribution Fund shall be transferred to the  
5 Survivors' Benefit Fund and the amount of former  
6 member's accumulated contributions in the Retirement  
7 Allowance Fund shall be transferred to the Survivors'  
8 Benefit Fund.

9           7. Death of beneficiary before payment. If any  
10 person becomes entitled to the payment of benefits  
11 under this article and dies before either the refund  
12 check or the initial survivor benefit check is en-  
13 dorsed and presented to a holder in due course, the  
14 person shall be considered to have predeceased the  
15 qualifying member.

16           8. Change of choice of payment option. Any bene-  
17 fiary under this article may change his choice of  
18 payment at any time up to the point of endorsement  
19 and presentation to a holder in due course of either  
20 the refund check or the initial survivor benefit pay-  
21 ment.

22           9. Defeat of survivor's option. A qualifying  
23 member may specify that the refund of his accumulated  
24 contributions be paid to a designated beneficiary or  
25 to the qualifying member's estate in lieu of any pay-  
26 ment to survivors under subsections 3 to 5 by filing  
27 an affidavit expressing that intent with the execu-  
28 tive director.

29           10. Cost-of-living adjustment. A participating  
30 local district may provide an adjustment to survivor  
31 benefits in accordance with section 18407 by:

32           A. Applying to the board; and

33           B. Supplying to the board a certified copy of  
34 its action together with a statement of agreement  
35 to pay costs of the adjustments.

36           §18554. Death after eligibility for retirement

37           If a qualifying member dies at any time after  
38 completing the conditions for service retirement, but  
39 before any service retirement becomes effective, the

1 payment of ordinary death benefits is governed as  
2 follows.

3 1. Payment of benefit. Unless an optional pay-  
4 ment method under subsection 2 is selected, the ordi-  
5 nary death benefit shall be paid as follows.

6 A. A benefit equal to the reduced retirement  
7 benefit determined in accordance with section  
8 18404, subsection 3, on the assumption that ser-  
9 vice retirement of the qualifying member had  
10 taken place on the date of his death, shall be  
11 paid for the lifetime of the first listed of the  
12 following persons who is alive at the death of  
13 the qualifying member:

14 (1) The designated beneficiary;

15 (2) Surviving spouse;

16 (3) Mother; or

17 (4) Father.

18 B. If no one qualifies under paragraph A, the  
19 accumulated contributions of the qualifying mem-  
20 ber shall be paid to his estate.

21 2. Optional payments. Optional payments are gov-  
22 erned as follows.

23 A. If the designated beneficiary is a surviving  
24 spouse, dependent child or parent of the qualify-  
25 ing member, the designated beneficiary may elect  
26 to receive the survivor benefits provided under  
27 section 18553, in lieu of the benefits in subsec-  
28 tion 1, paragraph A.

29 B. If the monthly ordinary death benefit under  
30 subsection 1, paragraph A is less than \$10, a  
31 first listed person under subsection 1, paragraph  
32 A, may, before the beginning of the retirement  
33 benefit payments, elect to receive, in lieu of  
34 those payments, a lump sum which is the actuarial  
35 equivalent, at the date of death of the qualify-  
36 ing member, of the benefit payable under subsec-  
37 tion 1, paragraph A.

1 C. A first listed person under subsection 1,  
2 paragraph A, other than a designated beneficiary,  
3 may, before the beginning of the benefit payment  
4 under subsection 1, paragraph A, elect to re-  
5 ceive, in lieu of those payments, a lump sum  
6 equal to the accumulated contributions of the  
7 qualifying member.

8 D. A person entitled to receive benefits under  
9 this section may, before the beginning of benefit  
10 payments, elect to receive benefits under article  
11 5 instead of benefits under this section.

12 (1) In order to elect these benefits, both  
13 the qualifying member and the beneficiary  
14 must comply with each requirement of those  
15 provisions.

16 (2) If no election is made under this para-  
17 graph, benefits payable under this section  
18 shall be in lieu of any benefits payable un-  
19 der article 5.

20 §18555. Applicability

21 Notwithstanding section 18202, the provisions of  
22 former section 1124 of the state retirement system  
23 law, in effect on June 30, 1982, except former sec-  
24 tion 1124, subsection 4, are applicable to each par-  
25 ticipating local district which has adopted section  
26 18553 or former section 1124, as part of its plan,  
27 whether or not the district has adopted amendments  
28 enacted after its adoption of section 18553 or former  
29 section 1124, as part of its plan.

30 §18556. Special survivor benefit option

31 1. Manner of adoption. A participating local  
32 district may adopt the special survivor benefit op-  
33 tion under this section in addition to the benefits  
34 provided under sections 18553 and 18554 in the manner  
35 set forth in section 18202.

36 2. Limitation of beneficiaries. A participating  
37 local district which adopts this section may limit  
38 the designated beneficiaries eligible for these bene-  
39 fits and may limit the undesignated beneficiaries el-

1 igible for benefits if no beneficiary is designated.  
2 Any later change in the designation of the beneficia-  
3 ries must be made in accordance with section 18202.

4 3. Effective date. A participating local dis-  
5 trict which elects to adopt this section shall design-  
6 ate the effective date of this section for purposes  
7 of determining which persons currently receiving ben-  
8 efits under section 18553, subsections 3 to 5, may  
9 elect benefits under this section, if eligible. Benef-  
10 it recomputation and payment for any person electing  
11 benefits under this section shall become effective on  
12 the first day of the month following notification to  
13 the board of the adoption of this section.

14 4. Retroactive adoption of this section. In a  
15 participating local district which has adopted this  
16 section retroactively, a person currently receiving  
17 benefits under section 18553, subsections 3 to 5 may,  
18 if eligible, elect to receive benefits under this  
19 section in lieu of benefits under section 18553, sub-  
20 sections 3 to 5 under the following conditions.

21 A. The person must apply in writing to the exec-  
22 utive director.

23 B. The application must be received by the exec-  
24 utive director within 6 months after the notifi-  
25 cation to the board by the participating local  
26 district adopting this section.

27 5. Election of benefit. In lieu of accepting the  
28 benefits under section 18553, the first listed of the  
29 beneficiaries under paragraph A or B, whichever ap-  
30 plies, may, if living at the death of the qualifying  
31 member, elect the benefits in this section, if the  
32 deceased qualifying member had 20 years of creditable  
33 service at the time of his death.

34 A. If a beneficiary was designated under section  
35 18552, the following designated beneficiaries of  
36 the deceased are eligible to make the election  
37 under this subsection:

38 (1) Surviving spouse;

39 (2) Dependent child or dependent children;  
40 or

1                   (3) Parent or parents.

2                   B. If no beneficiary was designated under sec-  
3 tion 18552, the following relatives of the de-  
4 ceased, if any, alive at the qualifying member's  
5 death are eligible to make the election under  
6 this subsection:

7                   (1) Surviving spouse;

8                   (2) Dependent child or dependent children;  
9 or

10                  (3) Parent or parents.

11                  6. Payment of benefits. Benefits under this sec-  
12 tion shall be paid as follows.

13                  A. The benefit shall be computed in accordance  
14 with section 18452, subsection 1, and shall be  
15 reduced in accordance with section 18452, subsec-  
16 tion 3, as if the service retirement of the qual-  
17 ifying member had taken place on the date of his  
18 death.

19                  B. The beneficiary shall be paid, beginning the  
20 first month after the death of the qualifying  
21 member and continuing until the date of the bene-  
22 fiary's death.

23                  C. Benefits under this section shall be paid in  
24 accordance with section 18404, subsection 3.

25                  §18557. Survivor's benefit contribution

26                  1. Information from fiscal officer. Before a  
27 participating local district elects survivor benefits  
28 under section 18553 or 18556, the chief fiscal offi-  
29 cer of the participating local district shall submit  
30 to the board that information prescribed by the board  
31 to assist the board in determining the cost of the  
32 initial survivor benefit contribution of the partici-  
33 pating local district.

34                  A. The determination of the initial survivor  
35 benefit contribution shall be made on the actuarial  
36 basis adopted by the board.

1           B. The expense of determining the cost of the  
2           initial survivor benefit contribution shall be  
3           assessed against and paid by the participating  
4           local district on whose account it is made.

5           2. Annual determination. Annually, the board  
6           shall actuarially determine the survivor benefit con-  
7           tribution of a participating local district which has  
8           elected survivor benefits, on the basis of informa-  
9           tion it may prescribe.

10           3. Increase. The board may increase, by not more  
11           than 25% in any year, the survivor benefit contribu-  
12           tion of a participating local district, if, in the  
13           opinion of the board, the benefits paid on behalf of  
14           beneficiaries of members of the participating local  
15           district is greater than the benefits expected to be  
16           paid on the actuarial basis.

17           4. Certification. The board shall certify to the  
18           chief fiscal officer of the participating local dis-  
19           trict:

20           A. The survivor benefit contribution for the  
21           participating local district, computed in accord-  
22           ance with this section; plus

23           B. A pro rata share of the cost of the adminis-  
24           tration of the survivor benefit program, based on  
25           the gross payroll of employees and the expense of  
26           determining the annual survivor benefit contribu-  
27           tion.

28           5. Charge. The amounts certified under subsec-  
29           tion 4 shall be a charge against the participating  
30           local district.

31           6. Member contribution. A participating local  
32           district may require each of its members to make a  
33           contribution, not to exceed 1/4 of 1% of earnable  
34           compensation, to the Survivors' Benefit Fund, as long  
35           as he is employed.

36           7. Payment. All survivor benefit contributions  
37           by participating local districts which have elected  
38           survivor benefits and all contributions by members of  
39           those districts shall be paid into the Survivors'  
40           Benefit Fund.

1     §18558. Transfer of funds

2             If the designated beneficiary elects, in accordance  
3 with section 18553, subsection 2, paragraph C,  
4 or section 18554, subsection 2, paragraph A, to receive the benefits under section 18553, subsections 3  
5 to 5, the amount of reserve actuarially determined  
6 for the retirement benefit under section 18553, sub-  
7 section 2, paragraph C, or section 18554, subsection  
8 2, paragraph A, minus the amount provided by the mem-  
9 bers' contributions, shall be transferred from the  
10 Retirement Allowance Fund to the Survivors' Benefit  
11 Fund.

13                     ARTICLE 5. ACCIDENTAL DEATH BENEFITS

14     §18601. Definitions

15             As used in this article, unless the context otherwise indicates, "qualifying member" means a member  
16 who dies as a result of an injury arising out of and  
17 in the course of employment as an employee or a  
18 former member receiving a disability retirement benefit who dies as a result of an injury arising out of  
19 and in the course of employment as an employee.

22     §18602. Qualification for benefit

23             The beneficiary of a qualifying member shall receive a benefit in accordance with section 18603.

25     §18603. Computation of benefit

26             1. Surviving spouse; no dependent children. If  
27 the qualifying member is survived by a spouse and no  
28 dependent child, the surviving spouse shall be paid  
29 2/3 of the average final compensation of the qualifying  
30 member.

31             2. Surviving spouse having care of dependent  
32 children. If the qualifying member is survived by a  
33 spouse who has the care of the dependent child or dependent  
34 children of the qualifying member, the surviving  
35 spouse shall be paid an annual sum equal to  
36 the average final compensation of the qualifying mem-  
37 ber.

1           3. Surviving spouse not having care of dependent  
2 children. If the qualifying member is survived by a  
3 spouse who does not have the care of the dependent  
4 child or dependent children of the qualifying member,  
5 the surviving spouse shall share with the dependent  
6 child or dependent children an annual sum equal to  
7 the average final compensation of the qualifying mem-  
8 ber, the benefit to be divided equally among the sur-  
9 viving spouse and the dependent child or dependent  
10 children.

11           4. No surviving spouse. If no spouse survives  
12 the qualifying member, the dependent child or depen-  
13 dent children shall be paid an annual sum equal to  
14 the average final compensation of the qualifying mem-  
15 ber.

16           §18604. Method of payment

17           All benefits paid under this article shall be  
18 paid in equal monthly installments beginning the  
19 first month after the death of the qualifying member.

20           §18605. Adjustment of benefits

21           1. Cessation of eligibility. When a person shar-  
22 ing benefits under section 18603 ceases to be eligi-  
23 ble to receive benefits, the subsequent benefits of  
24 the remaining beneficiaries shall be recalculated as  
25 if the remaining beneficiaries had been the only ben-  
26 eficiaries to survive the qualifying member.

27           2. Workers' compensation or similar law. The  
28 amount payable under this article shall be reduced by  
29 any amount received by the surviving spouse and de-  
30 pendent child or dependent children under Title 39,  
31 the Workers' Compensation Act, or a similar law.

32           A. Lump-sum settlements of benefits that would  
33 reduce the accidental death benefits under this  
34 subsection shall be prorated on a monthly basis  
35 in an equitable manner prescribed by the board.

36           B. The prorated lump-sum settlement amounts  
37 shall reduce the accidental death benefits pay-  
38 able monthly under this article.



1     §18606. Termination of benefits

2             The benefits under this article shall be paid to:

3             1. Surviving spouse. The surviving spouse until  
4 he dies; and

5             2. Dependent children. The dependent child or  
6 dependent children until they die or until they no  
7 longer meet the definition of "dependent child" under  
8 section 17001, subsection 12.

9     §18607. Benefits in lieu of article 4

10            The benefits provided under this article shall be  
11 in lieu of any benefits otherwise payable under arti-  
12 cle 4.

13                                    SUBCHAPTER VI

14                                    GROUP LIFE INSURANCE

15     §18651. Authorization

16            The board, and only the board, may purchase for  
17 the retirement system, from one or more life insur-  
18 ance companies, a policy or policies of life insur-  
19 ance, as defined by Title 24-A, section 702.

20            1. Procedure. Proposals for the purchase of in-  
21 surance may be solicited from one or more insurance  
22 companies on a competitive basis or an existing poli-  
23 cy or policies may be renegotiated.

24            2. Licensed company. Any policy or policies pur-  
25 chased shall be purchased from a company or companies  
26 licensed under the laws of this State.

27     §18652. Nature of policy

28            1. Limitation. All provisions of a policy or po-  
29 licies purchased under section 18651 shall be subject  
30 to the limitations of Title 24-A, chapter 31.

31            2. No reduction of benefits. No provisions of a  
32 policy or policies purchased under section 18651 may  
33 reduce the benefits granted under this subchapter.

1     §18653. Rules

2             The board may promulgate and publish, in accordance with chapter 375, subchapter II, whatever rules are necessary and proper to give effect to the intent, purposes and provisions of this subchapter.

6     §18654. Administration

7             1. Expenses. All expenses of a group life insurance program shall be reimbursed from premium rate adjustments, dividends or interest earnings on reserves.

11            2. Report. A report of the activities of the group life insurance program shall be published annually.

14     §18655. Participation

15            1. Local district. A local district may participate in the group life insurance program by filing with the board a duly certified copy of the resolution or record of the vote of the body which would be entitled to approve participation in the retirement system under section 18201. The resolution or record of the vote shall state which portions of the life insurance program established under this chapter shall apply to the participating local district.

24            2. Effective date. The effective date of participation of a local district may not be more than 6 months following receipt of the certified copy of the vote or resolution.

28            3. Employee. The board may, by rule, provide standards for inclusion or exclusion of employees on the basis of nature and type of employment or conditions. No employee or group of employees may be excluded solely on the basis of the hazardous nature of employment.

34     §18656. Coverage

35            1. Basic insurance. Life insurance and accidental death and dismemberment insurance, to be known as "basic insurance," is available to all eligible participants.

1           A. The amount of life insurance to be paid upon  
2 death is to be equal to the participant's annual  
3 earnable compensation rounded up to the next  
4 \$1,000.

5           (1) A participant insured under a basic in-  
6 surance policy shall be automatically cov-  
7 ered for any change in the maximum due to a  
8 change in annual earnable compensation.

9           (2) The date of change in coverage under  
10 subparagraph (1) shall coincide with the ef-  
11 fective date of the change in annual earn-  
12 able compensation.

13           B. The accidental death and dismemberment insur-  
14 ance shall provide payments as follows.

15           (1) Losses and amounts payable shall be de-  
16 termined according to the following table.

17 <u>LOSS</u>	<u>AMOUNT PAYABLE</u>
18 <u>Loss of life by</u> 19 <u>accident</u>	<u>An additional amount equal</u> <u>to that provided under</u> 20 <u>subsection 1, paragraph A</u>
21 <u>Loss of one hand or</u> 22 <u>foot or sight of</u> 23 <u>one eye</u>	<u>One-half the amount provided</u> <u>under subsection 1, paragraph A</u>
24 <u>Loss of 2 or more</u> 25 <u>limbs or loss of sight</u> 26 <u>of both eyes or loss</u> 27 <u>of one limb and loss</u> 28 <u>of sight of one eye</u>	<u>The amount provided under</u> <u>subsection 1, paragraph A</u>

29           (2) For any one accident the aggregate  
30 amount of group accidental death and dismem-  
31 berment insurance that may be paid may not  
32 exceed the amount provided under subsection  
33 1, paragraph A.

34           2. Supplemental insurance. Additional insurance  
35 coverage of equal amounts to those described in sub-  
36 section 1, to be known as "supplemental insurance,"  
37 shall be available to each participant purchasing in-  
38 surance under subsection 1.

1           3. Dependent insurance. Each participant may  
2 elect to insure the life of a dependent not insured  
3 in the group covered under subsections 1 and 2.

4           A. A participant may elect either Plan A or Plan  
5 B, but not both.

	<u>Plan A</u>	<u>Plan B</u>
6		
7 <u>Spouse</u>	<u>\$5,000</u>	<u>\$10,000</u>
8 <u>Full-time unmarried</u>		
9 <u>students to age 22</u>	<u>\$5,000</u>	<u>\$5,000</u>
10 <u>Children, 6 months to</u>		
11 <u>age 19</u>	<u>\$5,000</u>	<u>\$5,000</u>
12 <u>Children, 0 to 6 months</u>	<u>\$1,000</u>	<u>\$2,500</u>

13           B. Insurance purchased under this subsection is  
14 subject to the limitations of Title 24-A, section  
15 2611-A.

16           C. The number of dependents may not effect the  
17 premium rate for insurance purchased under this  
18 subsection.

19   §18657. Payments on death

20           Any amount of group life insurance and group ac-  
21 cidental death insurance in force on any employee at  
22 the date of his death shall be paid, upon the estab-  
23 lishment of a valid claim, in the following order of  
24 precedence.

25           1. Designated beneficiary. First, to the benefi-  
26 ciary or beneficiaries whom the employee designated  
27 in writing, if the written designation was received  
28 in the employing office before the employee's death.

29           2. Widow or widower. Second, if there is no ben-  
30 eficiary qualifying under subsection 1, to the widow  
31 or widower of the employee.

32           3. Children. Third, if no one qualifies under  
33 subsection 1 or 2, to the child or children of the  
34 employee and descendants of deceased children by  
35 representation.

1           4. Parents. Fourth, if no one qualifies under  
2 subsection 1, 2 or 3, to the surviving parent or par-  
3 ents of the employee.

4           5. Executor or conservator. Fifth, if no one  
5 qualifies under subsection 1, 2, 3 or 4, to the duly  
6 appointed executor or conservator or the estate of  
7 the employee.

8           6. Next of kin. Sixth, if no one qualifies under  
9 subsection 1, 2, 3, 4 or 5, to other next of kin of  
10 the employee entitled under the laws of domicile of  
11 that employee at the time of his death.

12 §18658. Insurance automatic

13           1. Employees automatically insured. All employ-  
14 ees eligible for basic insurance under this subchap-  
15 ter shall be automatically insured for the amounts  
16 applicable under this subchapter, beginning on the  
17 date they first become eligible.

18           2. Employees not wanting to be insured. Any em-  
19 ployee not wanting to be insured under this subchap-  
20 ter shall, on the appropriate form, give written no-  
21 tice to his employing officer and to the retirement  
22 system that he does not want to be insured.

23           A. If the notice is received before the employee  
24 has become automatically insured, he shall not be  
25 insured.

26           B. If the notice is received after the employee  
27 has become automatically insured, his insurance  
28 shall cease, effective at the end of the pay pe-  
29 riod during which the notice is received by the  
30 employing office.

31           C. Any person who does not want to be insured  
32 may subsequently apply for insurance, but shall  
33 be required to produce evidence of insurability  
34 at his own expense and in accordance with the re-  
35 quirements of the insurance underwriter.

36 §18659. Payment of premiums

1           Payment of premiums for group life insurance  
2 shall be on the basis determined by the board to be  
3 actuarially sufficient to pay anticipated claims.

4           §18660. Review of insurance program

5           Each year, upon receipt of the annual report sub-  
6 mitted by the underwriter, the board shall review all  
7 phases of the group life insurance program and shall,  
8 within 90 days of receipt of the annual report, de-  
9 termine the reserves necessary to pay anticipated  
10 claims and the method of distribution of any accumu-  
11 lations above those reserves.

12           §18661. Termination of coverage

13           1. Separation from service. The insurance on any  
14 employee shall terminate upon his separation from  
15 service, except as extended by:

16           A. Provisions contained in the policy for waiver  
17 of premiums upon total and permanent disability;  
18 and

19           B. Provisions for temporary extension of cover-  
20 age and conversion to an individual policy of  
21 life insurance.

22           2. Retirement. If, on the date the insurance  
23 would otherwise terminate, the employee retires, in  
24 accordance with this Part, the employee's basic life  
25 insurance only shall be continued without cost to him  
26 and in the amounts provided in this subsection.

27           A. On retirement for reasons other than disabil-  
28 ity, the average amount of basic insurance in  
29 force for the last 3 years prior to retirement  
30 shall be continued in force at no cost to the  
31 participant, if he has participated in the group  
32 life insurance program for a minimum of 10 years  
33 continuously and immediately before retirement.

34           (1) Except as provided in paragraph B, the  
35 average amount shall be reduced at the rate  
36 of 15% a year to a minimum of 40% of the av-  
37 erage amount or \$2,500, whichever is  
38 greater.

1                   (2) In determining benefits under this sub-  
2 chapter, the reductions shall become effec-  
3 tive at 12:01 a.m. of the day following the  
4 first year anniversary of the date of re-  
5 irement and each succeeding retirement an-  
6 iversary thereafter until the minimum has  
7 been reached.

8                   B. On retirement for disability, the amount of  
9 basic insurance in force at the time of retire-  
10 ment shall be continued in force until normal re-  
11 irement age, after which the amount shall be re-  
12 duced, as provided in paragraph A at no cost to  
13 the recipient.

14                   §18662. Participation of local districts

15                   The employees of any local district may partici-  
16 pate in the group life insurance program to the full  
17 extent of any and all benefits provided for in this  
18 subchapter subject to section 18655, subsections 1  
19 and 2. The participation of these employees is gov-  
20 erned as follows.

21                   1. Minimum number. Initially, the minimum number  
22 of persons required for a covered group is 75% of the  
23 eligible employees of a local district.

24                   2. Supplemental and dependent insurance. Employ-  
25 ees of a local district who are covered under the ba-  
26 sic group life insurance plan are also eligible for  
27 the supplemental insurance under section 18656, sub-  
28 section 2, and dependent insurance under section  
29 18656, subsection 3, if the local district elects to  
30 adopt those benefit plans.

31                   3. Information required. The chief fiscal offi-  
32 cer of a local district shall submit to the board  
33 whatever information about the employees of the dis-  
34 trict is prescribed by the board as necessary to ad-  
35 minister this subchapter.

36                   4. Pro rata cost. The chief fiscal officer of a  
37 local district shall pay whatever pro rata cost of  
38 premiums and expenses is levied by the board.

39                   §18663. Withdrawal of local districts

1       Any local district participating in the group  
2 life insurance program under this subchapter may  
3 withdraw from further participation by filing with  
4 the board a duly certified copy of the results of the  
5 vote of the body which would be entitled to approve  
6 participation in the retirement system under section  
7 18201. This certification shall include certification  
8 to the board that equivalent coverage has been pro-  
9 vided.

10       1. Continuous coverage. In order to provide con-  
11 tinuous coverage, withdrawal of a local district un-  
12 der this section is not effective until equivalent  
13 coverage is made available to current active and re-  
14 tired employees of the district.

15       2. Effective date. Withdrawal is effective on  
16 the last day of the last full pay period before the  
17 end of the month following the month in which the  
18 certification under subsection 1 is received by the  
19 board.

20                                   PART 21

21                   SOCIAL SECURITY FOR STATE AND MUNICIPAL EMPLOYEES

22                                   CHAPTER 431

23                   SOCIAL SECURITY FOR STATE AND MUNICIPAL EMPLOYEES

24       §19001. Declaration of policy

25       In order to extend to employees of the political  
26 subdivisions of the State of Maine, and to the civil-  
27 ian employees of the Maine National Guard who are em-  
28 ployed pursuant to section 90 of the National Defense  
29 Act of June 3, 1916 (32 U.S.C., sec. 42), whether  
30 members of existing retirement or pension systems or  
31 not, the benefits of social security, provided under  
32 the Federal Social Security Act enacted by the Con-  
33 gress of the United States, it is declared to be the  
34 policy of the Legislature, subject to the limitations  
35 of this chapter, that such steps be taken as to pro-  
36 vide such protection to such employees on as broad a  
37 basis as is permitted under the Social Security Act.  
38 This chapter shall apply to employees of Maine Mari-  
39 time Academy who are members of an existing retire-



1 ment or pension system. This chapter shall not apply  
2 to teachers who are under a state or local government  
3 pension or retirement plan, except teachers at the  
4 Maine Maritime Academy. For the purposes of bringing  
5 sheriffs and their deputies under social security,  
6 these law enforcement officers shall be deemed po-  
7 licemen.

8 §19002. Definitions

9 As used in this chapter, unless the context oth-  
10 erwise indicates, the following terms shall have the  
11 following meanings.

12 1. Civilian employees of the Maine National  
13 Guard. The phrase "the civilian employees of the  
14 Maine National Guard who are employed pursuant to  
15 section 90 of the National Defense Act of June 3,  
16 1916 (32 U.S.C., Sec. 42)" means the civilian employ-  
17 ees of the Maine National Guard who are employed pur-  
18 suant to section 90 of the National Defense Act of  
19 June 3, 1916 (32 U.S.C., Sec. 42) and paid from funds  
20 allotted to the Maine National Guard by the Depart-  
21 ment of Defense and such employees shall, for the  
22 purpose of this chapter, be deemed to be employees of  
23 the State of Maine; provided that this chapter shall  
24 apply to the Maine National Guard, with respect to  
25 such employees, as if it constituted a "political  
26 subdivision" within the meaning of this section.

27 2. Employee. The term "employee" includes an of-  
28 ficer of a political subdivision of the State.

29 3. Employment. The term "employment" means any  
30 service performed by an employee in the employ of any  
31 political subdivision of the State, for such employ-  
32 er, except service which in the absence of an agree-  
33 ment entered into under this chapter would constitute  
34 "employment" as defined in the Social Security Act;  
35 or service which under the Social Security Act may  
36 not be included in an agreement between the State and  
37 the Federal Security Administrator entered into under  
38 this chapter. Employment in positions covered by any  
39 retirement system supported wholly or in part by the  
40 State or any of its subdivisions may not be included  
41 in such agreement.

1           4. Federal Insurance Contributions Act. The term  
2 "Federal Insurance Contributions Act" means the Fed-  
3 eral Internal Revenue Code, chapter 9, subchapter A,  
4 as such Code has been and may from time to time be  
5 amended.

6           5. Federal Security Administrator. The term  
7 "Federal Security Administrator" includes any indi-  
8 vidual to whom the Federal Security Administrator has  
9 delegated any of his functions under the Social Secu-  
10 urity Act with respect to coverage under such Act of  
11 employees of states and their political subdivisions.

12           6. Political subdivision. The term "political  
13 subdivision" includes an instrumentality of the State  
14 of Maine, of one or more of its political subdivi-  
15 sions, the University of Maine, academies, water,  
16 sewer and school districts and associations of munic-  
17 ipalities, or an instrumentality of the State and one  
18 or more of its political subdivisions, but only if  
19 such instrumentality is a juristic entity which is  
20 legally separate and distinct from the State or sub-  
21 division and only if its employees are not by virtue  
22 of their relation to such juristic entity employees  
23 of the State or subdivision.

24           7. Social Security Act. The term "Social Securi-  
25 ty Act" means the Act of Congress approved August 14,  
26 1935, chapter 531, 49 Stat. 620 officially cited as  
27 the "Social Security Act," including regulations and  
28 requirements issued pursuant thereto, as such Act has  
29 been and may from time to time be amended.

30           8. State agency. The term "state agency" means  
31 the Maine State Retirement System.

32           9. Wages. The term "wages" means all remunera-  
33 tion for employment as defined, including the cash  
34 value of all remuneration paid in any medium other  
35 than cash, except that such term shall not include  
36 that part of such remuneration which, even if it were  
37 for "employment" within the meaning of the Federal  
38 Insurance Contributions Act, would not constitute  
39 "wages" within the meaning of that Act.

40           §19003. Federal-state agreement

1        The state agency, with the approval of the Govern-  
2 nor, is authorized to enter on behalf of the State  
3 into an agreement with the Federal Security Adminis-  
4 trator, consistent with the terms and provisions of  
5 this chapter, for the purpose of extending the benef-  
6 its of the Federal Old Age and Survivors Insurance  
7 System to employees of any political subdivision of  
8 the State and to the civilian employees of the Maine  
9 National Guard who are employed pursuant to section  
10 90 of the National Defense Act of June 3, 1916 (32  
11 U.S.C., Sec. 42), with respect to services specified  
12 in such agreement which constitute "employment" as  
13 defined in section 19002. Such agreement may contain  
14 such provisions relating to coverage, benefits, con-  
15 tributions, effective date, modification and termina-  
16 tion of the agreement, administration and other ap-  
17 propriate provisions as the state agency and Federal  
18 Security Administrator shall agree upon, but, except  
19 as may be otherwise required by or under the Social  
20 Security Act as to the services to be covered, such  
21 agreement shall provide in effect that:

22        1. Benefits. Benefits shall be provided for em-  
23 ployees whose services are covered by the agreement,  
24 and their dependents and survivors, on the same basis  
25 as though such services constituted employment within  
26 the meaning of the Social Security Act, Title II;

27        2. Contributions. The State shall pay to the  
28 Secretary of the Treasury, at such time or times as  
29 may be prescribed under the Social Security Act, con-  
30 tributions with respect to wages, as defined in sec-  
31 tion 19002, equal to the sum of the taxes which would  
32 be imposed by the Federal Insurance Contributions  
33 Act, sections 1400 and 1410, if the services covered  
34 by the agreement constituted employment within the  
35 meaning of that Act;

36        3. Effective date. Such agreement shall be ef-  
37 fective with respect to services in employment cov-  
38 ered by the agreement performed after a date speci-  
39 fied therein, but in no event may it be effective  
40 with respect to any such services performed prior to  
41 the first day of January, 1951; and

42        4. Services covered. All services, which consti-  
43 tute employment as defined in section 19002, are per-

1 formed in the employ of a political subdivision of  
2 the State, and are covered by a plan which is in con-  
3 formity with the terms of the agreement and has been  
4 approved by the state agency under section 19005,  
5 shall be covered by the agreement.

6 §19004. Coverage of employees of political subdivi-  
7 sions

8 1. Plan. Each political subdivision of the State  
9 following the approval of the town meeting of a town  
10 or the governing body of a city, district or other  
11 instrumentality is authorized to submit for approval  
12 by the state agency a plan for extending the benefits  
13 of the Social Security Act, Title II, in conformity  
14 with applicable provisions of such Act, to employees  
15 of such political subdivision. Each such plan and  
16 any amendment thereof shall be approved by the state  
17 agency if it finds that such plan, or such plan as  
18 amended, is in conformity with such requirements as  
19 are provided in regulations of the state agency, ex-  
20 cept that no such plan shall be approved unless:

21 A. It is in conformity with the requirements of  
22 the Social Security Act, and with the agreement  
23 entered into under section 19003;

24 B. It specifies the source or sources from which  
25 the funds necessary to make the payments required  
26 by subsection 3, paragraph A, and by subsection 4  
27 are expected to be derived and contains reason-  
28 able assurance that such sources will be adequate  
29 for such purpose;

30 C. It provides for such methods of administra-  
31 tion of the plan by the political subdivision as  
32 are found by the state agency to be necessary for  
33 the proper and efficient administration of the  
34 plan;

35 D. It provides that the political subdivision  
36 will make such reports, in such form and contain-  
37 ing such information, as the state agency may  
38 from time to time require, and comply with such  
39 provisions as the state agency or the Federal Se-  
40 curity Administrator may from time to time find  
41 necessary to assure the correctness and verifica-  
42 tion of such reports; and

1 E. It authorizes the state agency to terminate  
2 the plan in its entirety, in the discretion of  
3 the state agency, if it finds that there has been  
4 a failure to comply substantially with any provi-  
5 sion contained in such plan, such termination to  
6 take effect at the expiration of such notice and  
7 on such conditions as may be provided by regula-  
8 tions of the state agency and may be consistent  
9 with the Social Security Act.

10 2. Hearing. The state agency shall not finally  
11 refuse to approve a plan submitted by a political  
12 subdivision under subsection 1 and shall not termi-  
13 nate an approved plan, without reasonable notice and  
14 opportunity for hearing to the political subdivision  
15 affected thereby.

16 3. Contributions.

17 A. Each political subdivision as to which a plan  
18 has been approved under this section shall pay  
19 into the Contribution Fund, with respect to  
20 wages, as defined in section 19002, at such time  
21 or times as the state agency may by regulation  
22 prescribe, contributions in the amounts and at  
23 the rate specified in the applicable agreement  
24 entered into by the state agency under section  
25 19003.

26 B. Each political subdivision required to make  
27 payments under paragraph A is authorized, in con-  
28 sideration of the employee's retention in, or en-  
29 try upon, employment after enactment of this  
30 chapter, to impose upon each of its employees, as  
31 to services which are covered by an approved  
32 plan, a contribution with respect to his wages,  
33 as defined in section 19002, not exceeding the  
34 amount of tax which would be imposed by section  
35 1400 of the Federal Insurance Contributions Act  
36 if such services constituted employment within  
37 the meaning of that act, and to deduct the amount  
38 of such contribution from his wages as and when  
39 paid. Contributions so collected shall be paid  
40 into the Contribution Fund in partial discharge  
41 of the liability of such political subdivision or  
42 instrumentality under paragraph A. Failure to de-  
43 duct such contribution shall not relieve the em-  
44 ployee or employer of liability therefor.

1           4. Delinquent payments. Delinquent payments due  
2 under subsection 3, paragraph A, may, with interest  
3 at the rate of 6% per year, be recovered by action in  
4 a court of competent jurisdiction against the politi-  
5 cal subdivision liable therefor or may, at the re-  
6 quest of the state agency, be deducted from any other  
7 moneys payable to such subdivision by any department  
8 or agency of the State.

9           §19005. Contribution fund

10           The "Contribution Fund", as heretofore estab-  
11 lished, shall consist of and there shall be deposited  
12 in such fund: All contributions, interest and penal-  
13 ties collected under section 19004; all moneys appro-  
14 priated thereto under this chapter; any property or  
15 securities and earnings thereof acquired through the  
16 use of moneys belonging to the fund; interest earned  
17 upon any moneys in the fund; and all sums recovered  
18 upon the bond of the custodian or otherwise for  
19 losses sustained by the fund and all other moneys re-  
20 ceived for the fund from any other source. All moneys  
21 in the fund shall be mingled and undivided. Subject  
22 to this chapter, the state agency is vested with full  
23 power, authority and jurisdiction over the fund, in-  
24 cluding all moneys and property or securities belong-  
25 ing thereto, and may perform any and all acts whether  
26 or not specifically designated, which are necessary  
27 to the administration thereof and are consistent with  
28 this chapter.

29           The Contribution Fund shall be established and  
30 held separate and apart from any other funds or mon-  
31 eys of the State and shall be used and administered  
32 exclusively for the purpose of this chapter. With-  
33 drawals from such fund shall be made for, and solely  
34 for, payment of amounts required to be paid to the  
35 Secretary of the Treasury pursuant to an agreement  
36 entered into under section 19003; and refunds of  
37 overpayments, not otherwise adjustable, made by a po-  
38 litical subdivision or instrumentality.

39           From the Contribution Fund the custodian of the  
40 fund shall pay to the Secretary of the Treasury such  
41 amounts and at such time or times as may be directed  
42 by the state agency in accordance with any agreement  
43 entered into under section 19003 and the Social Secu-  
44 rity Act.

1       The Treasurer of State shall be ex officio trea-  
2 surer and custodian of the Contribution Fund and  
3 shall administer such fund in accordance with this  
4 chapter and the directions of the state agency and  
5 shall pay all warrants drawn upon it in accordance  
6 with this section and with such regulations as the  
7 state agency may prescribe pursuant thereto.

8       There are authorized to be appropriated biannual-  
9 ly to the Contribution Fund, in addition to the con-  
10 tributions collected and paid into the Contribution  
11 Fund under section 19004, to be available for the  
12 purposes of the 2nd and 3rd paragraphs of this sec-  
13 tion until expended, such additional sums as are  
14 found to be necessary in order to make the payments  
15 to the Secretary of the Treasury which the State is  
16 obligated to make pursuant to an agreement entered  
17 into under section 19003.

18       The state agency shall submit to each regular  
19 session of the Legislature, at least 90 days in ad-  
20 vance of the beginning of each session, an estimate  
21 of the amounts authorized to be appropriated to the  
22 Contribution Fund by the preceding paragraph of this  
23 section for the next appropriation period.

24       §19006. Rules and regulations

25       The state agency shall make and publish such  
26 rules and regulations, not inconsistent with this  
27 chapter, as it finds necessary or appropriate to the  
28 efficient administration of the functions with which  
29 it is charged under this chapter.

30       §19007. Cost of administration

31       Any cost of administering this chapter may be  
32 prorated among the political subdivisions joining  
33 this plan. A revolving fund of \$10,000 is appropri-  
34 ated from the Unappropriated Surplus of the General  
35 Fund of the State from which costs of administration  
36 shall be paid and to which shall be credited the  
37 amounts billed to and received from the political  
38 subdivisions in the plan.

1

STATEMENT OF FACT

2

This bill is a structural recodification of the  
3 laws of the Maine State Retirement system.

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