

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 364

H.P. 281 House of Representatives, February 12, 1987
Reference to the Committee on Aging, Retirement and
Veterans suggested and ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative MANNING of Portland.

STATE OF MAINE

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

1 AN ACT to Make Maine State Retirement System
2 Membership Optional for Employees in
3 Participating Local Districts that
4 Establish an Alternative Pension
5 System.
6

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

9 Sec. 1. 5 MRSA §18251, sub-§1, as enacted by PL
10 1985, c. 801, §§5 and 7, is amended to read:

11 1. Compulsory membership. Membership is compul-
12 sory for all employees entering the service of a par-
13 ticipating local district after the date of estab-
14 lishment for the participating local district, but
15 not for employees exempted under subsection 2; under
16 section 18201, subsection 3; ~~or~~ under section 18252;
17 or under section 18252-A.

1 Sec. 2. 5 MRSA §18252-A is enacted to read:

2 §18252-A. Membership in district with other pension
3 plan coverage

4 An employee who is or would be covered by a pension
5 system established by a municipality that is a
6 participating local district may elect to join, not
7 to join or to withdraw from the retirement system under
8 the following conditions.

9 1. New employees. A new employee may join the
10 retirement system at the beginning of his employment
11 or on the next 2 anniversaries of the beginning of
12 his employment as long as he is still an employee of
13 the participating local district and the district
14 continues to be a participating local district.

15 2. Employee who is a participating member. An
16 employee who is a participating member of the retirement
17 system and who wishes to withdraw from the system may,
18 at his discretion, withdraw his contributions
19 in accordance with the procedures in section
20 18306.

21 3. Employee who has previously withdrawn. An
22 employee who has previously withdrawn from the retirement
23 system may choose to rejoin the system within
24 3 years of his withdrawal under the following conditions.
25

26 A. He must repay to the retirement system an
27 amount equivalent to the withdrawn contributions,
28 plus the amount of interest which would be required
29 of any terminated employee who had become
30 reemployed and had elected to rejoin the retirement
31 system and to repay his contributions.

32 B. The employer must still be a participating
33 local district allowing new membership in the retirement
34 system.

35 C. The right to rejoin is limited to one occurrence.
36

1

STATEMENT OF FACT

2 Generally, except for elected officials, offi-
3 cials appointed for a fixed term and a chief adminis-
4 trative officer, employees of a municipality that is
5 a participating local district in the Maine State Re-
6 tirement System are required to become members of
7 that system. The only exception to this general rule
8 is for participating local districts that provide so-
9 cial security coverage under the United States Social
10 Security Act; because social security membership is
11 mandatory, the 110th Legislature made membership in
12 the Maine State Retirement System optional for em-
13 ployees in these districts.

14 This bill makes Maine State Retirement System
15 membership optional, rather than mandatory, for par-
16 ticipating local district employees as long as that
17 district has enacted an ordinance establishing a sys-
18 tem of pension benefits for its employees.

19 Municipalities have the authority under home rule
20 to establish pension systems for their employees,
21 subject to the requirements of Title 30, section
22 2152. Under current law, if a municipality estab-
23 lishes such a system of pension benefits, but is a
24 participating local district, most of its employees
25 cannot withdraw from the Maine State Retirement Sys-
26 tem.

27 This bill makes Maine State Retirement System
28 membership optional for employees of a municipality
29 that is a participating local district which has es-
30 tablished a mandatory system of pension benefits that
31 meets the requirements of Title 30.

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