

MAINE STATE LEGISLATURE

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(After Deadline)
SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 2502

H.P. 1826 House of Representatives, March 11, 1988

Approved for introduction by a majority of the
Legislative Council pursuant to Joint Rule 27.

Reference to the Committee on Aging, Retirement and
Veterans suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative DELLERT of Gardiner.

STATE OF MAINE

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

1 AN ACT to Clarify the Definition of
2 Earnable Compensation.
3

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

6 5 MRSA §17001, sub-§13, as enacted by PL 1985, c.
7 801, §§5 and 7, is amended to read:

8 13. Earnable compensation. "Earnable

1 compensation" means salaries and wages paid to an
2 employee for services rendered in an employment
3 position, subject to the following inclusions and
4 exclusions.

5 A. "Earnable compensation" includes:

6 (1) Workers' compensation benefits;

7 (2) Maintenance, if any; and

8 (3) Any money portion of salaries and
9 wages paid by an employer under an annuity
10 contract for the future benefit of an
11 employee.

12 B. "Earnable compensation" does not include:

13 (1) Payment for more than 30 days of unused
14 accumulated or accrued sick leave, payment
15 for more than 30 days of unused vacation
16 leave or payment for more than 30 days of a
17 combination of both;

18 (2) Any other payment which is not
19 compensation for actual services rendered or
20 which is not paid at the time the actual
21 services are rendered; or

22 (2-A) Any payment resulting from an
23 individual choice or election, which payment
24 or payments:

25 (a) Are in lieu of any noncash form of
26 compensation that would otherwise have
27 been given to the employee, such as
28 employer-paid fringe benefits; or

29 (b) Constitute an incentive,
30 recognition or reward for any act or
31 service not required in the employment
32 position, such as a retirement bonus or
33 incentive payment; or

34 (3) Teacher recognition grants paid pursuant
35 to

1 Title 20-A, section 13503-A.

2 Notwithstanding this subsection, for the purpose of
3 determining "average final compensation," earnable
4 compensation does not include the portion of any
5 salary or wage increase received during the 3-year
6 period used in that calculation that exceeds the prior
7 year's earnable compensation by more than 10%, unless
8 the increase results solely from job promotion.

9

STATEMENT OF FACT

10 This bill clarifies the definition of "earnable
11 compensation," which is the compensation upon which
12 retirement benefits are calculated. This bill
13 codifies the interpretation given to the term by the
14 Board of Trustees of the Maine State Retirement
15 System, which basically limits "earnable compensation"
16 to the normal meaning of "salaries and wages" and
17 excludes, particularly, cash payments chosen in lieu
18 of fringe benefits and retirement incentive payments.

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