

MAINE STATE LEGISLATURE

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(New Draft of S.P. 718, L.D. 1947)
SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 2548

S.P. 960

In Senate, March 18, 1988

Reported by Senator BERUBE of Androscoggin for the Committee on Aging, Retirement and Veterans and printed under Joint Rule 2. Original Bill sponsored by Senator CLARK of Cumberland. Cosponsored by: Speaker MARTIN of Eagle Lake, Representative DIAMOND of Bangor, and Representative HICKEY of Augusta.

JOY J. O'BRIEN, Secretary of the Senate

STATE OF MAINE

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

**AN ACT to Correct Inequities in the Maine
State Retirement System.**

1
2
3

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

6 Sec. 1. 5 MRSA §17953, sub-§2, ¶A, as enacted
7 by PL 1985, c. 801, §§5 and 7, is amended to read:

8 A. Instead of accepting the payment provided in

1 subsection 1, the first listed of the following
2 relatives of the qualifying member who are living
3 at the death of the qualifying member may elect
4 the benefits described in subsections 3 to 5
5 5-A:

6 (1) The surviving spouse, the dependent
7 child or dependent children, the parent or
8 parents, if any of these are designated
9 beneficiaries The designated beneficiary, if
10 any; or

11 (2) If no beneficiary is designated, the
12 surviving spouse, the dependent child or
13 dependent children, or the parent or parents.

14 Sec. 2. 5 MRSA §17953, sub-§5-A is enacted to
15 read:

16 5-A. Amount of survivor benefit to designated
17 beneficiary. If a designated beneficiary, other than
18 the surviving spouse, dependent child, dependent
19 children or the parent or parents of a deceased
20 qualifying member, elects a benefit under subsection
21 2, paragraph A, the payment of benefits shall be
22 governed as follows.

23 A. A designated beneficiary who is alive at the
24 time of the death of the qualifying member shall
25 be paid \$150 per month beginning the first month
26 after the death occurs and continuing until the
27 date of the designated beneficiary's death, if the
28 designated beneficiary is certified by the medical
29 board to be permanently mentally incompetent or
30 permanently physically incapacitated and is
31 determined by the executive director to be unable
32 to engage in any substantially gainful employment.

33 B. A designated beneficiary who is alive at the
34 time of the death of the qualifying member and is
35 a person under 18 years of age, or under 22 years
36 of age if the person is a full-time student, shall
37 be paid \$150 per month beginning the first month
38 after the death occurs and continuing until the
39 person no longer meets the age criteria of this

1 paragraph.

2 C. A designated beneficiary of the qualifying
3 member who has the care of the dependent child or
4 children of the deceased qualifying member, and
5 who is not eligible to receive a benefit under
6 paragraph A, shall have the option:

7 (1) To be paid \$150 per month, beginning the
8 first month after the death of the qualifying
9 member and continuing during the designated
10 beneficiary's lifetime for as long as the
11 dependent child or children are in the
12 designated beneficiary's care;

13 (2) To transfer the right to receive a
14 benefit to the children of the deceased
15 qualifying member under subsection 4; or

16 (3) To elect a benefit under paragraph D.

17 D. A designated beneficiary who is not eligible
18 to receive a benefit under paragraph A, B or C
19 shall be paid \$150 per month, beginning the first
20 month after the designated beneficiary reaches 60
21 years of age and continuing until the date of
22 death.

23 Sec. 3. 5 MRSA §17953, sub-§§6, 9 and 10, as
24 enacted by PL 1985, c. 801, §§5 and 7, are amended to
25 read:

26 6. Transfer of funds. If benefits are paid under
27 subsections 3 to 5 5-A, the amount of the deceased
28 qualifying member's accumulated contributions in the
29 Members' Contribution Fund shall be transferred to the
30 Survivors' Benefit Fund and the amount of the
31 qualifying member's accumulated contributions in the
32 Retirement Allowance Fund shall be transferred to the
33 Survivors' Benefit Fund.

34 9. Defeat of survivor's option. A qualifying
35 member may specify that the refund of his the
36 member's accumulated contributions be paid to a
37 designated beneficiary or to the qualifying member's

1 estate in lieu of any payment to survivors under
2 subsections 3 to 5 5-A by filing an affidavit
3 expressing that intent with the executive director.

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

12 **Sec. 4.** 5 MRSA §18252, sub-§1, as enacted by PL
13 1985, c. 801, §§5 and 7, is amended to read:

14 1. New employees. A new employee may join the
15 retirement system at the beginning of his employment
16 or on the next 2 anniversaries any anniversary of
17 the beginning of his employment, so long as he is
18 still an employee of the participating local district
19 and the district continues to be a participating local
20 district.

21 **Sec. 5.** 5 MRSA §18252, sub-§3, ¶C, as enacted
22 by PL 1985, c. 801, §§5 and 7, is repealed.

23 **Sec. 6.** 5 MRSA §18252, sub-§§4 and 5 are
24 enacted to read:

25 4. Employee who has previously withdrawn rejoins
26 after 3 years. An employee who has previously
27 withdrawn from the retirement system may choose to
28 rejoin the system after 3 years of withdrawal under
29 the following conditions.

30 A. The employer may not repay to the retirement
31 system the contributions withdrawn under
32 subsection 2.

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

36 5. Limit on right to rejoin. The right of an

1 employee to rejoin under either subsection 3 or 4 is
2 limited to one occurrence.

3 Sec. 7. 5 MRSA §18359, sub-§1, as enacted by PL
4 1985, c. 801, §§5 and 7, is amended to read:

5 1. Employee electing not to join. A new An
6 employee who elects, under section 18252, subsection
7 1, not to join the retirement system at the
8 beginning of his employment, may not receive service
9 credit for the period during which he elected not to
10 be a member of the retirement system.

11 Sec. 8. 5 MRSA §18359, sub-§3 is enacted to
12 read:

13 3. Employee who withdraws and rejoins after 3
14 years. An employee who withdraws from the retirement
15 system and rejoins after 3 years under section 18252,
16 subsection 4, may not receive any service credit for
17 the period during which the employee was a member
18 before the withdrawal of the employee's contribution.
19 The employee may not receive any service credit for
20 any year or part of a year during which the employee
21 was withdrawn from the retirement system.

22 Sec. 9. 5 MRSA §18553, sub-§2, ¶A, as enacted
23 by PL 1985, c. 801, §§5 and 7, is amended to read:

24 A. Instead of accepting the payment provided in
25 subsection 1, the first listed of the following
26 relatives of the qualifying member who are living
27 at the death of the qualifying member may elect
28 the benefits described in subsections 3 to 5
29 5-A:

30 (1) The surviving spouse, the dependent
31 child or dependent children, the parent or
32 parents, if any of these are designated
33 beneficiaries The designated beneficiary, if
34 any; or

35 (2) If no beneficiary is designated, the
36 surviving spouse, the dependent child or
37 dependent children, or the parent or parents;

1 Sec. 10. 5 MRSA §18553, sub-§5-A is enacted to
2 read:

3 5-A. Amount of survivor benefit to designated
4 beneficiary. If a designated beneficiary, other than
5 the surviving spouse, dependent child, dependent
6 children or the parent or parents of a deceased
7 qualifying member, elects a benefit under subsection
8 2, paragraph A, the payment of benefits shall be
9 governed as follows.

10 A. A designated beneficiary who is alive at the
11 time of the death of the qualifying member shall
12 be paid \$150 per month beginning the first month
13 after the death occurs and continuing until the
14 date of the designated beneficiary's death, if the
15 designated beneficiary is certified by the medical
16 board to be permanently mentally incompetent or
17 permanently physically incapacitated and is
18 determined by the executive director to be unable
19 to engage in any substantially gainful employment.

20 B. A designated beneficiary who is alive at the
21 time of the death of the qualifying member and is
22 a person under 18 years of age, or under 22 years
23 of age if the person is a full-time student, shall
24 be paid \$150 per month beginning the first month
25 after the death occurs and continuing until the
26 person no longer meets the age criteria of this
27 paragraph.

28 C. A designated beneficiary of the qualifying
29 member who has the care of the dependent child or
30 children of the deceased qualifying member, and
31 who is not eligible to receive a benefit under
32 paragraph A, shall have the option:

33 (1) To be paid \$150 per month, beginning the
34 first month after the death of the qualifying
35 member and continuing during the designated
36 beneficiary's lifetime for as long as the
37 dependent child or children are in the
38 designated beneficiary's care;

1 (2) To transfer the right to receive a
2 benefit to the children of the deceased
3 qualifying member under subsection 4; or

4 (3) To elect a benefit under paragraph D.

5 D. A designated beneficiary who is not eligible
6 to receive a benefit under paragraph A, B or C
7 shall be paid \$150 per month, beginning the first
8 month after the designated beneficiary reaches 60
9 years of age and continuing until the date of the
10 beneficiary's death.

11 Sec. 11. 5 MRSA §18553, sub-§§6 and 9, as
12 enacted by PL 1985, c. 801, §§5 and 7, are amended to
13 read:

14 6. Transfer of funds. If benefits are paid under
15 subsections 3 to 5 5-A, the amount of the deceased
16 qualifying member's accumulated contributions in the
17 Members' Contribution Fund shall be transferred to the
18 Survivors' Benefit Fund and the amount of ~~former~~
19 the qualifying member's accumulated contributions in
20 the Retirement Allowance Fund shall be transferred to
21 the Survivors' Benefit Fund.

22 9. Defeat of survivor's option. A qualifying
23 member may specify that the refund of ~~his~~ the
24 member's accumulated contributions be paid to a
25 designated beneficiary or to the qualifying member's
26 estate in lieu of any payment to survivors under
27 subsections 3 to 5 5-A by filing an affidavit
28 expressing that intent with the executive director.

29 Sec. 12. Appropriation. The following funds
30 are appropriated from the General Fund to carry out
31 he purposes of this Act.

32 1988-89

33 EDUCATIONAL AND CULTURAL SERVICES,
34 DEPARTMENT OF

35 Teacher Retirement

1 All Other \$42,919

2 FINANCE, DEPARTMENT OF

3 Salary Plan

4 All Other \$18,240

5 FISCAL NOTE

6 Sections 1 to 3 of this new draft increases
7 contribution rates to the Maine State Retirement
8 System for survivor benefits by 0.01% of salaries.
9 This requires an appropriation from the General Fund
10 of \$42,919 to teacher's retirement and \$18,240 to the
11 salary plan account. The new draft also increases
12 costs for Highway Fund employees by \$5,437.

13 There would be an increased cost to those
14 participating districts which choose to adopt the new
15 provisions in this new draft in sections 9 to 11.

16 STATEMENT OF FACT

17 Sections 1 to 3 of this new draft limit the
18 receipt of a benefit to a designated beneficiary who
19 is at least 60 years old or is a person under age 18
20 or under 22 if a full-time student. It also provides
21 the option to a designated beneficiary who was
22 responsible for the care of the deceased member's
23 children to transfer the right to receive a benefit to
24 the member's children.

25 Sections 4 to 8 allow employees of participating
26 districts to join the Maine State Retirement System on
27 any anniversary of the beginning of their employment
28 and provides provisions to allow employees who have
29 withdrawn from the Maine State Retirement System to
30 rejoin after 3 years.

31 Sections 9 to 11 provide parallel language for
32 participating districts which wish to adopt these
33 provisions.

1 Under the present laws, an employee of a
2 participating local district, which also covers its
3 employees under the United States Social Security Act,
4 has the option of becoming a member of the retirement
5 system on the day he is first employed and on the next
6 2 anniversaries of the date of his employment and if
7 he does not exercise the option to become a member on
8 one of those 3 dates, he is prohibited from becoming a
9 member as long as he is employed by that participating
10 local district. This new draft permits such an
11 employee to become a member of the retirement system
12 on any anniversary of his employment by that
13 participating local district.

14 Under the present laws, a member of the retirement
15 system who is an employee of a participating local
16 district which also covers its employees under the
17 United States Social Security Act may withdraw from
18 the system at any time and rejoin at any time within 3
19 years of withdrawal. Upon rejoining, he must repay
20 the contributions he has withdrawn, plus applicable
21 interest, and he will receive service credits for that
22 period of time. This new draft permits such an
23 employee to rejoin the retirement system at any time,
24 but if he does so after the expiration of 3 years from
25 the date of withdrawal, he will not be permitted to
26 repay the contributions he has withdrawn to purchase
27 service credits for the time when he was a member
28 before withdrawal.

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