

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 848

H.P. 625

House of Representatives, March 21, 1989

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

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative MANNING of Portland.

Cosponsored by Representative HICKEY of Augusta, Representative DELLERT of Gardiner and Senator CLARK of Cumberland.

STATE OF MAINE

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

An Act Relating to Ordinary Death Benefits Under the Maine State Retirement System.



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

3 Sec. 1. 5 MRSA §17953, first ¶, as enacted by PL 1985, c. 801,
5 §§5 and 7, is repealed and the following enacted in its place:

7 If a qualifying member dies before that member's service
9 retirement benefit becomes effective, that member's beneficiary
11 may select only one of the following optional death benefits.

13 Sec. 2. 5 MRSA §17953, sub-§5-B is enacted to read:

15 5-B. Reduced retirement benefits. Instead of accepting the
17 benefits under subsection 1 or 2, the first listed person under
19 paragraph A living at the time of death of the qualifying member
21 may elect the benefits in this subsection.

23 A. The following persons are eligible to make the election
25 under this subsection:

27 (1) Designated beneficiary;

29 (2) Surviving spouse;

31 (3) Child or children; or

33 (4) Parent or parents.

35 B. Benefits under this subsection shall be paid as follows.

37 (1) The benefit shall be computed in accordance with
39 section 17852, subsection 1, and if applicable, shall
41 be reduced in accordance with section 17852, subsection
43 3, as if the service retirement of the qualifying
45 member had taken place on the date of death.

47 (2) The beneficiary shall be paid beginning on the
49 first day of the month after the death of the
qualifying member and continuing until the last day of
the month in which the beneficiary's death occurs.

(3) Benefits under this subsection shall be paid in
accordance with section 17804, subsection 3.

C. If the monthly benefit payable under this subsection is
\$10 or less, there shall be paid in lieu of those payments a
lump sum which is the actuarial equivalent, on the date the
first monthly payment would otherwise be paid, of the
benefit to which the beneficiary is entitled. A beneficiary
who receives a lump sum payment under this subsection shall
not forfeit any other benefit to which the beneficiary would

1 be entitled if the beneficiary were receiving a monthly
2 benefit payment.

3 **Sec. 3. 5 MRSA §17953, sub-§11** is enacted to read:

4 **11. Special options.** Instead of accepting the payment
5 provided in subsection 1, 2 or 5-B, a beneficiary may elect to
6 receive benefits under section 17852, subsection 4, paragraph A;
7 section 17852, subsection 5, paragraph B; section 17852,
8 subsection 6, paragraph B, or under article 5. In order to elect
9 one of those benefits, both the qualifying member and the
10 beneficiary must comply with each requirement of those provisions.

11 **Sec. 4. 5 MRSA §17954,** as enacted by PL 1985, c. 801, §§5 and
12 7, is repealed.

13 **Sec. 5. 5 MRSA §18553, first ¶,** as enacted by PL 1985, c. 801,
14 §§5 and 7, is repealed and the following enacted in its place:

15 If a qualifying member dies before that member's service
16 retirement benefit becomes effective, that member's beneficiary
17 may select only one of the following optional death benefits.

18 **Sec. 6. 5 MRSA §18553, sub-§5-B** is enacted to read:

19 **5-B. Reduced retirement benefits.** Instead of accepting the
20 benefits under subsection 1 or 2, the first listed person under
21 paragraph A living at the time of death of the qualifying member
22 may elect the benefits in this subsection.

23 **A. The following persons are eligible to make the election**
24 **under this subsection:**

25 (1) Designated beneficiary;

26 (2) Surviving spouse;

27 (3) Child or children; or

28 (4) Parent or parents.

29 **B. Benefits under this subsection shall be paid as follows.**

30 (1) The benefit shall be computed in accordance with
31 section 18452, subsection 1, and if applicable, shall
32 be reduced in accordance with section 18452, subsection
33 3, as if the service retirement of the qualifying
34 member had taken place on the date of death.

35 (2) The beneficiary shall be paid beginning on the
36 first day of the month after the death of the

1 qualifying member and continuing until the last day of
3 the month in which the beneficiary's death occurs.

5 (3) Benefits under this subsection shall be paid in
7 accordance with section 18404, subsection 3.

9 C. If the monthly benefit payable under this subsection is
11 \$10 or less, there shall be paid in lieu of those payments a
13 lump sum which is the actuarial equivalent, on the date the
15 first monthly payment would otherwise be paid, of the
benefit to which the beneficiary is entitled. A beneficiary
who receives a lump sum payment under this subsection shall
not forfeit any other benefit to which the beneficiary would
be entitled if the beneficiary were receiving a monthly
benefit payment.

17 **Sec. 7. 5 MRSA §18553, sub-§11 is enacted to read:**

19 11. Special options. Instead of accepting the payment
21 provided in subsection 1, 2 or 5-B, a beneficiary may elect to
23 receive benefits under article 5. In order to elect those
benefits, both the qualifying member and the beneficiary must
comply with each requirement of article 5.

25 **Sec. 8. 5 MRSA §18554, as enacted by PL 1985, c. 801, §§5 and**
27 **7, is repealed.**

29
31 **STATEMENT OF FACT**

33 This bill makes the "automatic option 2" available to the
35 beneficiaries of all members of the Maine State Retirement System
37 who die while in service, regardless of the number of years of
39 service or age at the time of death of the member. Under the
41 present statute, when a member dies after becoming eligible to
43 retire, certain eligible beneficiaries are given the option of
45 receiving a retirement benefit equal to the amount that the
member would have received if the member had retired on the day
of death. The change that would be made by this bill is to make
that option available to the beneficiary of any deceased member.
In many instances a member dies after having earned a benefit in
excess of the benefit payable to the member's beneficiary under
the survivor's benefits provisions, but the retirement benefit is
not available to the beneficiary if the member has not completed
25 years of creditable service or reached normal retirement age.