

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

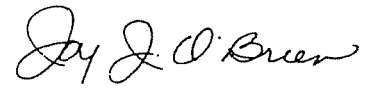
No. 2311

S.P. 908

In Senate, February 12, 1990

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.


JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator CLARK of Cumberland.

Cosponsored by Representative DELLERT of Gardiner, Senator CAHILL of Sagadahoc and Representative CAHILL of Mattawamkeag.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

An Act to Clarify the Definition of Earnable Compensation in the Maine State Retirement System Laws.

(After Deadline)



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

2
3 5 MRSA §17001, sub-§13, as amended by PL 1987, c. 739, §§2
4 and 48, is further amended to read:

6 13. **Earnable compensation.** "Earnable compensation" means
7 salaries and wages paid for services rendered in an employment
8 position, subject to the following inclusions and exclusions
9 and limitations.

10 A. "Earnable compensation" includes:

11 (1) Workers' compensation benefits;

12 (2) Maintenance, if any;

13 (3) Any money paid by an employer to a 3rd party under
14 an a tax sheltered annuity contract or a deferred
15 compensation plan for the future benefit of an employee
16 provided that the money is not derived from amounts
17 excluded from earnable compensation by paragraph B; and

18 (4) Pick-up contributions.

19 B. "Earnable compensation" does not include:

20 (1) Payment for more than 30 days of unused
21 accumulated or accrued sick leave, payment for more
22 than 30 days of unused vacation leave or payment for
23 more than 30 days of a combination of both;

24 (2) Any other payment which is not compensation for
25 actual services rendered or which is not paid at the
26 time the actual services are rendered; or

27 (3) Teacher recognition grants paid pursuant to Title
28 20-A, section 13503-A.

29 C. Notwithstanding this subsection, for the purpose of
30 determining "average final compensation," there may be
31 excluded from earnable compensation that portion of any
32 salary or wage increase received during the 3-year period,
33 used in that calculation that exceeds the prior year's
34 earnable compensation by more than 10%. An increase in
35 salary or wages that exceeds 10% may be included in earnable
36 compensation when the executive director specifically
37 determines that the increase was not granted to enhance the
38 member's retirement benefit.

STATEMENT OF FACT

2 This bill clarifies the definition of "earnable
4 compensation," that is the compensation on which retirement
6 benefits are calculated. This bill codifies the interpretation
8 given to the use of tax sheltered annuity contracts and deferred
10 compensation plans by the Board of Trustees of the Maine State
12 Retirement System. The bill also enacts the Maine Revised
Statutes, Title 5, section 17001, paragraph C that places a cap
on the amount of salary and wage increases included in earnable
compensation during the years used to compute a member's average
final compensation.