

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
115TH LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "J" to COMMITTEE AMENDMENT "A" to H.P. 653, L.D. 927, Bill, "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1992 and June 30, 1993"

Amend the amendment by inserting before the emergency clause the following:

"PART WW

Sec. WW-1. 3 MRSA §851, as amended by PL 1989, c. 133, §8, is further amended to read:

§851. Eligibility for retirement

Upon written application to the board setting forth the date upon which the member chooses to terminate employment, any member may retire on a service retirement allowance upon meeting one of the following.

1. Age 60 years; 7 years of creditable service on December 1, 1991. Any member in service may retire on or after his the member's 60th birthday. Any member not in service may retire at the age of 60 years or thereafter provided that he the member has at least 10 years of creditable service or 5 full terms as a Legislator. Creditable service as a member of the Maine State Retirement System after service as a member of the Maine Legislative Retirement System shall-be is used in determining the completion of 10 years of creditable service.

This subsection applies to members who, on December 1, 1991, have 7 years of creditable service or have reached 60 years of age and are in service on that date.

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1-A. Age 62; less than 7 years creditable service on
December 1, 1991. Any member in service may retire on or after
the member's 62nd birthday. Any member not in service may retire
at the age of 62 years or thereafter provided that the member has
at least 10 years of creditable service or 5 full terms as a
Legislator. Creditable service as a member of the Maine State
Retirement System after service as a member of the Maine
Legislative Retirement System is used in determining the
completion of 10 years of creditable service.

This subsection applies to members who are not covered under
subsection 1.

2. Early retirement; 7 years of creditable service on
December 1, 1991. Any member in service who has completed at
least 25 years of creditable service, may retire any time before
his the member's 60th birthday. Creditable service as a member
of the Maine State Retirement System after service as a member of
the Maine Legislative Retirement System shall--be is used in
determining the completion of 25 years of creditable service.
The retirement allowance shall--be is determined in accordance
with section 852, except that it shall--be is reduced by
multiplying the retirement allowance by a fraction which that
represents the ratio of the amount of a life annuity due at age
60 years to the amount of a life annuity due at the age of
retirement. The tables of annuities in effect at the date of
retirement shall--be are used for this purpose.

This subsection applies to members who, on December 1, 1991, have
7 years of creditable service.

2-A. Early retirement: less than 7 years creditable service
on December 1, 1991. Any member in service who has completed at
least 25 years of creditable service may retire any time before
the member's 62nd birthday. Creditable service as a member of
the Maine State Retirement System after service as a member of
the Maine Legislative Retirement System is used in determining
the completion of 25 years of creditable service. The retirement
allowance is determined in accordance with section 852, except
that it is reduced by 6% for each year that the member's age
precedes age 62. The tables of annuities in effect at the date
of retirement are used for this purpose.

This subsection applies to members who, on December 1, 1991, do
not have 7 years of creditable service.

Sec. WW-2. 4 MRSA §1351, as amended by PL 1985, c. 693, §9,
is further amended to read:

§1351. Eligibility for retirement

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2 Upon written application to the board setting forth the date
upon which he the member chooses to retire, any member may retire
4 upon meeting one of the following:

6 1. Age 60; 7 years of creditable service on December 1,
1991. Any member may retire on or after his the member's 60th
8 birthday if he the member has at least 10 years of creditable
service. This subsection applies to members who, on December 1,
10 1991, have 7 years of creditable service.

12 1-A. Age 62; less than 7 years of creditable service on
December 1, 1991. Any member may retire on or after the member's
14 62nd birthday if the member has at least 10 years of creditable
service. This subsection applies to members who, on December 1,
16 1991, do not have 7 years of creditable service.

18 2. Age 70. Any member in service may retire on or after
his the member's 70th birthday, provided that he the member has
20 been in service, as a judge, for at least one year immediately
before retirement;--ex.

22 3. Early retirement; 7 years of creditable service on
24 December 1, 1991. Any member who has completed at least 25 years
of creditable service may retire any time before his the member's
26 60th birthday. The retirement allowance shall-be is determined in
accordance with section 1352, except that it shall-be is reduced
28 by multiplying the retirement allowance by a fraction which that
represents the ratio of the amount of a life annuity due at age
30 60 to the amount of a life annuity due at the age of retirement.
The tables of annuities in effect at the date of retirement shall
32 be are used for this purpose.

34 This subsection applies to members who, on December 1, 1991, have
7 years of creditable service.

36 3-A. Early retirement; less than 7 years creditable service
38 on December 1, 1991. Any member who has completed at least 25
years of creditable service may retire any time before the
40 member's 62nd birthday. The retirement allowance is determined
in accordance with section 1352, except that it is reduced by 6%
42 for each year that the member's age precedes age 62. The tables
of annuities in effect at the date of retirement are used for
44 this purpose.

46 This subsection applies to members who, on December 1, 1991, do
not have 7 years of creditable service.

48 Sec. WW-3. 5 MRSA §17001, sub-§13, ¶C, as enacted by PL 1989,
50 c. 800, is amended to read:

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2 C. Notwithstanding the other provisions of this subsection,
3 for the purpose of determining average final compensation,
4 there may be excluded from earnable compensation that
5 portion of any salary or wage increase received during the
6 3-year period used in the calculation of average final
7 compensation that exceeds the prior year's earnable
8 compensation by more than 15% 10%. The portion of an
9 increase in salary or wages that exceeds 15% 10% may be
10 included in earnable compensation when the executive
11 director specifically determines that the increase was not
12 granted to enhance the member's retirement benefit.

14 The executive director's decision may be appealed in
15 accordance with section 17451.

16 The following items may not be considered in calculating
17 salary or wage increases for the purposes of this paragraph:

- 20 (1) Collectively bargained salary or wage increases
21 pursuant to Title 26, chapter 9-A, 9-B or 12;
- 22 (2) Salary or wage increases when similar increases
23 are given at the same time to the majority of persons
24 holding a similar position;
- 26 (3) Job promotion;
- 28 (4) Reclassification of position; or
- 30 (5) Reallocation of position.

32 Sec. WW-4. 5 MRSA §17851, sub-§1, as amended by PL 1989, c.
34 78, §1, is further amended to read:

36 1. Member in service; 7 years of creditable service on
37 December 1, 1991. A member who is in service when reaching 60
38 years of age, or is in service after reaching 60 years of age,
39 qualifies for a service retirement benefit if the member:

40 A. Retires upon or after reaching 60 years of age; and

42 B. Has been in service for a minimum of one year
43 immediately before retirement or has at least 10 years of
44 creditable service, which may include creditable service as
45 a member of the Maine Legislative Retirement System under
46 Title 3, section 701, subsection 8, before becoming a member
47 of the Maine State Retirement System.

50 This subsection applies to members who, on December 1, 1991, have

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7 years of creditable service or who have reached 60 years of age
and have been in service for a minimum of one year immediately
before that date.

Sec. WW-5. 5 MRSA §17851, sub-§1-A is enacted to read:

1-A. Member in service; less than 7 years creditable
service on December 1, 1991. A member who is in service when
reaching 62 years of age, or is in service after reaching 62
years of age, qualifies for a service retirement benefit if the
member:

A. Retires upon or after reaching 62 years of age; and

B. Has been in service for a minimum of one year
immediately before retirement or has at least 10 years of
creditable service, which may include creditable service as
a member of the Maine Legislative Retirement System under
Title 3, section 701, subsection 8, before becoming a member
of the Maine State Retirement System.

This subsection applies to members who are not covered under
subsection 1.

Sec. WW-6. 5 MRSA §17851, sub-§2, as amended by PL 1989, c.
78, §2, is further amended to read:

2. Member not in service; 7 years of creditable service on
December 1, 1991. A member who is not in service when reaching
60 years of age qualifies for a service retirement benefit if the
member:

A. Retires upon or after reaching 60 years of age; and

B. Has at least 10 years of creditable service or 5 full
terms as a Legislator, which may include creditable service
as a member of the Maine Legislative Retirement System under
Title 3, section 701, subsection 8, before becoming a member
of the Maine State Retirement System.

This subsection applies to members who, on December 1, 1991, have
7 years of creditable service.

Sec. WW-7. 5 MRSA §17851, sub-§2-A is enacted to read:

2-A. Member not in service; less than 7 years creditable
service on December 1, 1991. A member who is not in service when
reaching 62 years of age qualifies for a service retirement
benefit if the member:

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A. Retires upon or after reaching 62 years of age; and

B. Has at least 10 years of creditable service or 5 full terms as a Legislator, which may include creditable service as a member of the Maine Legislative Retirement System under Title 3, section 701, subsection 8, before becoming a member of the Maine State Retirement System.

This subsection applies to members who, on December 1, 1991, do not have 7 years of creditable service.

Sec. WW-8. 5 MRSAs §17852, sub-§3, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

3. Member with creditable service of 25 years or more; 7 years of creditable service on December 1, 1991. The amount of the service retirement benefit for members qualified under section 17851, subsection 3, shall-be is computed in accordance with subsection 1, except that:

A. The amount arrived at under subsection 1 shall-be is reduced by applying to that amount the percentage that a life annuity due at age 60 bears to the life annuity due at the age of retirement; and

B. For the purpose of making the computation under paragraph A, the board-approved tables of annuities in effect at the date of the member's retirement shall-be are used.

This subsection applies to members who, on December 1, 1991, have 7 years of creditable service.

Sec. WW-9. 5 MRSAs §17852, sub-§3-A is enacted to read:

3-A. Member with creditable service of 25 years or more; less than 7 years of creditable service on December 1, 1991. The amount of the service retirement benefit for members qualified under section 17851, subsection 3, is computed in accordance with subsection 1, except that:

A. The amount arrived at under subsection 1 is reduced by 6% for each year that the member's age precedes age 62; and

B. For the purpose of making the computation under paragraph A, the board-approved tables of annuities in effect at the date of the member's retirement are used.

This subsection applies to members who, on December 1, 1991, do not have 7 years of creditable service.

2 Sec. WW-10. 5 MRSa §17852, sub-§4, ¶C, as enacted by PL 1985,
4 c. 801, §§5 and 7, is amended to read:

6 C. For persons qualifying under section 17851, subsection
8 4, paragraph B, and who retire before reaching the age of
 55, the retirement benefit shall--be is determined in
 accordance with subsection 1, except that:

10 (1) The amount arrived at under subsection 1 shall--be
12 is reduced by applying to that amount the percentage
14 that a life annuity due at age 55 bears to the life
 annuity due at the age of retirement; and

16 (2) For the purpose of making the computation under
18 subparagraph (1), the board-approved tables of
 annuities in effect at the date of the member's
 retirement shall--be is used.

20 This paragraph applies to members who, on December 1, 1991,
22 have 7 years of creditable service.

24 Sec. WW-11. 5 MRSa §17852, sub-§4, ¶C-1 is enacted to read:

26 C-1. For persons qualifying under section 17851, subsection
28 4, paragraph B, and who retire before reaching the age of
 55, the retirement benefit is determined in accordance with
 subsection 1, except that:

30 (1) The amount arrived at under subsection 1 is
32 reduced by 6% for each year that the member's age
 precedes 55; and

34 (2) For the purpose of making the computation under
36 subparagraph (1), the board-approved tables of
38 annuities in effect at the date of the member's
 retirement is used.

40 This paragraph applies to members who, on December 1, 1991,
 do not have 7 years of creditable service.

42 Sec. WW-12. 5 MRSa §17852, sub-§10, ¶C, as enacted by PL
44 1985, c. 801, §§5 and 7, is amended to read:

46 C. For members who qualify under section 17851, subsection
48 II, paragraph B, and who retire before reaching the age of
 55, the retirement benefit shall--be is determined in
 accordance with subsection 1, except that:

2 (1) The amount arrived at under subsection 1, shall-be
3 is reduced by applying to that amount the percentage
4 that a life annuity due at age 55 bears to the life
annuity due at the age of retirement; and

6 (2) For the purpose of making the computation under
7 subparagraph (1), the board-approved tables of
8 annuities in effect at the date of the member's
retirement shall-be is used.

10 This paragraph applies to members who, on December 1, 1991,
12 have 7 years of creditable service.

14 Sec. WW-13. 5 MRS 17852, sub-§10, ¶C-1 is enacted to read:

16 C-1. For persons qualifying under section 17851, subsection
17 11, paragraph B, and who retire before reaching the age of
18 55, the retirement benefit is determined in accordance with
19 subsection 1, except that:

20 (1) The amount arrived at under subsection 1 is
21 reduced by 6% for each year that the member's age
22 precedes 55; and

24 (2) For the purpose of making the computation under
25 subparagraph (1), the board-approved tables of
26 annuities in effect at the date of the member's
27 retirement are used.

30 This paragraph applies to members who, on December 1, 1991,
31 do not have 7 years of creditable service.

32 Sec. WW-14. 5 MRS 17858 is enacted to read:

34 §17858. Retirement incentive option

36 Any state employee, as defined in section 17001, subsection
37 40, having reached normal retirement age who retires on or after
38 October 30, 1991 and who is restored to service is not subject to
39 the earnings limitations set forth in section 17855. Any such
40 person is entitled to all benefits that the person was entitled
41 to at the time of termination by collective bargaining agreements
42 or civil service laws and rules. The retired state employee's
43 salary must be 80% of the employee's salary at the time of
44 termination. The retired state employee is not a member of the
45 retirement system and therefore may not accrue additional
46 creditable service and is not entitled to any other benefits that
47 accrue to an active member of the retirement system.

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2 **Sec. WW-15. Calculation and transfer.** The State Budget Officer
4 shall calculate the amount in section 16 of this Part that
6 applies against each General Fund account for all departments and
8 agencies not within the Judicial Department or the Legislature
 based on the Personal Services appropriations to those accounts.
 The State Budget Officer shall cause the calculated amount to be
 transferred from each account.

10 **Sec. WW-16. Appropriation.** The following funds are
12 appropriated from the General Fund to carry out the purposes of
14 this Part.

	1991-92	1992-93
EDUCATION, DEPARTMENT OF		
Teachers' Retirement		
All Other	(\$5,200,000)	(\$16,180,000)
EXECUTIVE DEPARTMENTS AND AGENCIES		
All Other	(\$3,650,000)	(\$9,370,000)
Provides for the deappropriation of funds from teachers' and state employees' retirement and other salary savings not required because of reforms in the retirement systems included in this Part, including directing the Board of Trustees of the Maine State Retirement System to increase the interest-rate assumption from 8% to 8.13% for fiscal year 1991-92 and 8.87% for fiscal year 1992-93.		
DEPARTMENT OF EDUCATION		
TOTAL	(\$8,850,000)	(\$25,550,000)

44 **Sec. WW-17. Effective date.** Those sections of this Part
46 affecting the Maine Revised Statutes, Title 3, section 851; Title
48 4, section 1351; and Title 5, sections 17851 and 17852 take
 effect December 1, 1991.'

2 Further amend the amendment by relettering the Parts and
renumbering the sections to read consecutively.

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8 1991-92 1992-93

FISCAL NOTE

10 APPROPRIATIONS/ALLOCATIONS

12 General Fund (\$8,850,000) (\$25,550,000)

14 This amendment makes several changes to the State's
retirement plans. Eight million eight hundred and fifty thousand
16 dollars in fiscal year 1991-92 and \$25,550,000 in fiscal year
1992-93 are deappropriated from savings to be generated through
18 reduced employer contributions and other salary savings as a
result of these changes.

20 The Highway Fund and other funds supporting positions will
also realize savings from reduced employer contributions. The
22 amount can not be estimated at this time.

24
26 STATEMENT OF FACT

28 This amendment makes changes in normal retirement age and
reductions for early retirement applicable to members with less
30 than 7 years of service and changes the treatment of certain
final years increases in compensation. The amendment also adds a
32 new provision governing certain early retirements.

34
36 (Senator McCORMICK)
38 SPONSORED BY: *Dale W. E.*
40 COUNTY: Kennebec

42
Reproduced & distributed pursuant to Senate Rule 12.
(6/30/91) (S-410)