

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1225

H.P. 859

House of Representatives, March 21, 1991

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

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Speaker MARTIN of Eagle Lake.
Cosponsored by Senator CLARK of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

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

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

2
4 **Sec. 1. 5 MRSA §17951, sub-§2**, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

6 **2. Qualifying member.** "Qualifying member" means a member
8 in service or a former member who is receiving a disability
10 retirement benefit. For purposes of section 17953, subsection 1,
12 "qualifying member" also means a member not in service. For
14 purposes of section 17953, subsection 5-B, "qualifying member"
16 also means a member not in service who has qualified for a
18 service retirement benefit.

20 **Sec. 2. 5 MRSA §17953**, as amended by PL 1989, c. 658, §§2 to
22 4, is further amended to read:

24 **§17953. Death before service retirement**

26 If a qualifying member dies ~~at any time~~ before completing
28 the ~~age and service requirements for~~ member's service retirement
30 benefit ~~becomes effective~~, the payment of ordinary death benefits
32 is governed as follows. The member's beneficiary may select only
34 one of the death benefits.

36 **1. Refund of contributions.** The amount of the qualifying
38 member's accumulated contributions ~~shall be~~ is paid:

40 A. To ~~his~~ the qualifying member's designated beneficiary,
42 if any;

44 B. If the qualifying member is not survived by a designated
46 beneficiary, to the first listed of the following relatives
48 alive at the qualifying member's death:

50 (1) Surviving spouse;

52 (2) Child or children, regardless of age, sharing
 equally among themselves; or

 (3) The older parent; or

 C. To ~~his~~ the qualifying member's estate.

54 **2. Survivor benefits.** Survivor benefits are governed as
56 follows.

58 A. Instead of accepting the payment provided in subsection
60 1, the first listed of the following who are living at the
62 death of the qualifying member may elect the benefits
64 described in subsections 3 to 5-A 5-B:

66 (1) The designated beneficiary, if any; or

2 (2) If no beneficiary is designated, the surviving
3 spouse, the dependent child or dependent children, or
4 the parent or parents.

6 B. If the surviving spouse elects a benefit under this
7 paragraph subsection, the dependent child or dependent
8 children are entitled to receive the benefit under
9 subsection 4~~;~~or.

10 C. A person entitled to receive benefits under this section
11 may, before the beginning of benefit payments, elect to
12 receive benefits under section 17852, subsection 4,
13 paragraph A; under section 17852, subsection 5, paragraph A;
14 under section 17852, subsection 6, paragraph A; or under
15 article 5 instead of benefits under this section.

18 (1) In order to elect these survivor benefits, both
19 the qualifying member and the beneficiary must comply
20 with each requirement of those provisions.

22 (2) If no election is made under this paragraph,
23 benefits payable under this section shall~~-be~~ are in
24 lieu of any benefits payable under section 17852,
25 subsection 4, paragraph A; under section 17852,
26 subsection 5; under section 17852, subsection 6; or
27 under article 5.

28 **3. Amount of survivor benefit payment to surviving spouse.**
29 If the surviving spouse of the qualifying member elects a benefit
30 under subsection 2, paragraph A, only one of the following
31 options may be paid at one time.

34 A. A surviving spouse of the qualifying member shall~~-be~~ is
35 paid a \$150 benefit each month beginning the first month
36 after the death occurs and continuing during the surviving
37 spouse's lifetime, if:

38 (1) The deceased qualifying member had 10 years of
39 creditable service at the time of his death; or

42 (2) The surviving spouse is certified by the medical
43 board to be permanently mentally incompetent or
44 permanently physically incapacitated and is determined
45 by the executive director to be unable to engage in any
46 substantially gainful employment.

48 A full month's benefit shall~~-be~~ is paid to the estate of the
49 surviving spouse for the month in which the surviving spouse
50 dies.

2 B. A surviving spouse of the qualifying member who has the
care of the dependent child or children of the deceased
4 qualifying member and who is not eligible to receive a
benefit under paragraph A shall-be is paid a \$150 benefit
6 each month, beginning the first month after the death of the
qualifying member and continuing during the surviving
8 spouse's lifetime until the end of the month in which the
dependent child or children are no longer in the surviving
spouse's care.

10 C. A surviving spouse of the qualifying member who is not
12 eligible to receive a benefit under paragraph A or B shall
be is paid a \$150 benefit each month, beginning the first
14 month after the surviving spouse reaches 60 years of age and
continuing during the surviving spouse's lifetime.

16 A full month's benefit shall-be is paid to the estate of the
18 surviving spouse for the month in which the surviving spouse
dies.

20 D. The \$150 benefit specified under paragraphs A, B and C
22 shall-be is increased to \$225 on July 1, 1989, and \$300 on
July 1, 1990. Starting July 1, 1991, the \$300 benefit shall
24 must be adjusted annually at the same time and by the same
percentage as adjustments under section 17806.

26 E. Only one beneficiary of a qualifying member shall-be is
28 entitled to receive the benefit under this subsection.

30 4. Amount of survivor benefit to dependent children. If
the dependent child or children or surviving spouse of the
32 deceased qualifying member elects a benefit under subsection 2,
paragraph A, the payment of benefits to the dependent child or
34 children shall-be is governed as follows.

36 A. The amount of survivor benefit shall-be is determined as
follows.

38 (1) Until January 1, 1989:

40 (a) One dependent child shall-be is paid \$150
42 each month;

44 (b) Two dependent children shall-be are paid \$225
each month which shall must be divided equally
46 between them; and

48 (c) Three or more dependent children shall-be are
paid \$300 each month which shall must be divided
50 equally among them.

- 2 (2) Starting January 1, 1989, each dependent child shall ~~receive~~ receives a benefit of \$150 a month.
- 4 (3) Starting July 1, 1989, each dependent child shall ~~receive~~ receives a benefit of \$175 a month.
- 6 (4) Starting July 1, 1990, each dependent child shall ~~receive~~ receives a benefit of \$200 a month.
- 8 (5) Starting July 1, 1991, each dependent child shall ~~receive~~ receives a benefit of \$225 a month.
- 10 (6) Starting July 1, 1992, each dependent child shall ~~receive~~ receives a benefit of \$250 a month.
- 12 (7) Starting July 1, 1993, the benefit specified under subparagraph (6) shall must be adjusted annually at the same time and by the same percentage as adjustments under section 17806.

20 B. The benefits shall begin the first month after the death of the qualifying member and shall ~~be~~ are payable to each dependent child, in accordance with Title 18-A, article V, until the end of the month in which he the child no longer meets the definition of "dependent child" in section 17001, subsection 12.

28 C. When any dependent child becomes ineligible to receive benefits under this subsection, the other dependent children, if any, shall continue to receive benefits in accordance with this subsection.

32 D. The combined benefits under subsection 3 and this subsection may not exceed 80% of the deceased qualifying member's average final compensation adjusted annually at the same time and at the same percentage as adjustments under subsection 10.

38 **5. Amount of survivor benefit to parents.** If the parent of the deceased qualifying member elects a benefit under subsection 2, paragraph A, the payment of benefits shall ~~be~~ is governed as follows.

40 A. The amount of the benefit shall ~~be~~ is determined as follows.

- 46 (1) A parent who is alive at the time of the death of the qualifying member shall ~~be~~ is paid \$150 per month if he the parent is at least 60 years of age or, if not, when he the parent reaches that age.

2 (2) If both parents are eligible for benefits under
3 this article, and the older parent elects benefits
4 under this subsection, the older parent shall-be is
5 paid \$150 per month and the younger parent shall-be is
6 paid \$105 per month ~~if he is at least~~ upon reaching 60
7 years of age ~~or, if not, when he reaches that age.~~

8 (3) Upon the death of either parent, the surviving
9 parent shall-~~receive~~ receives \$150 per month.

10 B. The payment of benefits to any parent shall-~~begin~~ begins
11 the first month after the death of the qualifying member and
12 shall-~~continue~~ continues until the death of the parent.

13 C. Benefits are payable under this subsection only if no
14 other benefits have been paid under subsection 3 or 4.

15 D. Starting July 1, 1989, the benefits specified under
16 paragraph A shall must be adjusted annually at the same time
17 and at the same percentage as adjustments under subsection
18 10.

19 E. No more than 2 beneficiaries of a qualifying member may
20 be entitled to receive the benefit under this subsection.

21 **5-A. Amount of survivor benefit to designated beneficiary.**
22 If a designated beneficiary, other than the surviving spouse,
23 dependent child, dependent children or the parent or parents of a
24 deceased qualifying member, elects a benefit under subsection 2,
25 paragraph A, the payment of benefits shall-be is governed as
26 follows.

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

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

43 C. A designated beneficiary of the qualifying member who
44 has the care of the dependent child or children of the

2 deceased qualifying member, and who is not eligible to
3 receive a benefit under paragraph A, shall-~~have~~ has the
4 option:

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

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

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

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

24 E. Only one beneficiary of a qualifying member shall-~~be~~ is
25 entitled to receive the benefit under this subsection.

26 5-B. Reduced retirement benefits. Instead of accepting the
27 benefits under subsection 1 or 2, the first listed person under
28 paragraph A living at the time of death of the qualifying member
29 may elect the benefits in this subsection.

30 A. The persons eligible to make the election under this
31 subsection are the qualifying member's:

34 (1) Designated beneficiary;

36 (2) Surviving spouse;

38 (3) Child or children; or

40 (4) Parent or parents.

42 B. Benefits under this subsection are paid as follows.

44 (1) The benefit is computed in accordance with section
45 17852, subsection 1 and is actuarially reduced to
46 reflect the number of years by which the member's age
47 precedes 60 years, except that if the member has 25 or
48 more years of creditable service on the effective date
49 of this subparagraph, the benefit is reduced in
50 accordance with section 17852, subsection 3, if
applicable, as if the service retirement of the

2 qualifying member had taken place on the date of the
3 member's death.

4 (2) The beneficiary is paid beginning on the first day
5 of the month after the death of the qualifying member
6 and continuing until the last day of the month in which
7 the beneficiary's death occurs.

8 (3) Benefits under this subsection are paid in
9 accordance with section 17804, subsection 3.

10
11 C. If the monthly benefit payable under this subsection is
12 \$10 or less, in lieu of those payments a lump sum that is
13 the actuarial equivalent of the benefit to which the
14 beneficiary is entitled must be paid on the date the first
15 monthly payment would otherwise be paid. A beneficiary who
16 receives a lump sum payment under this subsection does not
17 forfeit any other benefit to which the member would be
18 entitled if the member were receiving a monthly benefit
19 payment.

20
21 **6. Transfer of funds.** If benefits are paid under
22 subsections 3 to 5-A 5-B, the amount of the deceased qualifying
23 member's accumulated contributions in the Members' Contribution
24 Fund shall ~~be~~ is transferred to the Survivors' Benefit Fund and
25 the amount of the qualifying member's accumulated contributions
26 in the Retirement Allowance Fund shall ~~be~~ is transferred to the
27 Survivors' Benefit Fund.

28
29 **7. Death of beneficiary before payment.** If any person
30 becomes entitled to the payment of benefits under this article
31 and dies before either the refund check or the initial survivor
32 benefit check is endorsed and presented to a holder in due
33 course, the person is considered to have predeceased the
34 qualifying member.

35
36 **8. Change of choice of payment option.** Any beneficiary
37 under this article may change his the choice of payment at any
38 time up to the point of endorsement and presentation to a holder
39 in due course of either the refund check or the initial survivor
40 benefit payment.

41
42 **9. Defeat of survivor's option.** A qualifying member may
43 specify that the refund of the member's accumulated contributions
44 be paid to a designated beneficiary or to the qualifying member's
45 estate in lieu of any payment to survivors under subsections 3 to
46 5-A 5-B by filing an affidavit expressing that intent with the
47 executive director.

48
49 **10. Cost-of-living adjustment.** If a retirement benefit
50 adjustment is made for retired state employees and teachers, the
51 same percentage increase shall ~~must~~ must be applied to the payments

2 made under subsections 3 to 5-A 5-B. The adjustment to payments
made under subsections 3 to 5-A--shall--become 5-B becomes
4 effective on the same day as the adjustment for state employees
and teachers.

6 11. Special options. Instead of accepting the payment
provided in subsection 1, 2, 5-A or 5-B, a beneficiary may elect
8 to receive benefits under section 17852, subsection 4, paragraph
A; section 17852, subsection 5 or 6; or article 5.

10
12 A. To elect these benefits, both the qualifying member and
the beneficiary must comply with each requirement of those
provisions.

14
16 B. If an election is not made under this subsection,
benefits payable under this section are in lieu of any
18 benefits payable under section 17852, subsection 4,
paragraph A; section 17852, subsection 5 or 6; or article 5.

20 **Sec. 3. 5 MRSA §17954**, as enacted by PL 1985, c. 801, §§5 and
7, is repealed.

22
24 **Sec. 4. 5 MRSA §18551, sub-§2**, as enacted by PL 1985, c. 801,
§§5 and 7, is amended to read:

26 **2. Qualifying member.** "Qualifying member" means a member
in service or a former member who is receiving a disability
28 retirement benefit. For purposes of section 18553, subsection 1,
"qualifying member" also means a member not in service. For
30 purposes of section 18553, subsection 5-B, "qualifying member"
also means a member not in service who has qualified for a
32 service retirement benefit.

34 **Sec. 5. 5 MRSA §18553**, as amended by PL 1989, c. 658, §§6 to
8, is further amended to read:

36 **§18553. Death before service retirement**

38
40 If a qualifying member dies at--any--time before completing
the age--and--service--requirements--for member's service retirement
42 benefit becomes effective, the payment of ordinary death benefits
is governed as follows. The member's beneficiary may select only
44 one of the death benefits.

46 **1. Refund of contributions.** The amount of the qualifying
member's accumulated contributions shall-be is paid:

48 A. To his the qualifying member's designated beneficiary,
if any; or

2 B. If the qualifying member is not survived by a designated
beneficiary, to the first listed of the following relatives,
if any are alive at the qualifying member's death:

4 (1) Surviving spouse;

6 (2) Child or children, regardless of age, sharing
8 equally among themselves; and

10 (3) The older parent; or

12 C. To his the qualifying member's estate.

14 2. Survivor benefits. Survivor benefits are governed as
follows.

16 A. Instead of accepting the payment provided in subsection
18 1, the first listed of the following who are living at the
death of the qualifying member may elect the benefits
20 described in subsections 3 to 5-A 5-B:

22 (1) The designated beneficiary, if any; or

24 (2) If no beneficiary is designated, the surviving
spouse, the dependent child or dependent children, or
26 the parent or parents.

28 B. If the surviving spouse elects a benefit under this
paragraph subsection, the dependent child or dependent
30 children are entitled to receive the benefit under
subsection 4~~7-0F~~.

32 C. A person entitled to receive benefits under this section
34 may, before the beginning of benefit payments, elect to
receive benefits under article 5.

36 (1) In order to elect these survivor benefits, both
38 the qualifying member and the beneficiary must comply
with each requirement of article 5.

40 (2) If no election is made under this paragraph,
42 benefits payable under this section shall ~~be~~ are in
lieu of any benefits payable under article 5.

44 3. Amount of survivor benefit payment to surviving spouse.
46 If the surviving spouse of the qualifying member elects a benefit
under subsection 2, paragraph A, only one of the following
48 options may be paid at one time.

50 A. A surviving spouse of the qualifying member shall ~~be~~ is
paid a \$150 benefit each month beginning the first month

2 after the death occurs and continuing during the surviving
spouse's lifetime, if:

4 (1) The deceased qualifying member had 10 years of
creditable service at the time of his death; or

6 (2) The surviving spouse is certified by the medical
8 board to be permanently mentally incompetent or
permanently physically incapacitated and is determined
10 by the executive director to be unable to engage in any
substantially gainful employment.

12 A full month's benefit shall-be is paid to the estate of the
14 surviving spouse for the month in which the surviving spouse
dies.

16 B. A surviving spouse of the qualifying member who has the
18 care of the dependent child or children of the deceased
qualifying member and who is not eligible to receive a
20 benefit under paragraph A shall-be is paid a \$150 minimum
benefit each month, beginning the first month after the
22 death of the qualifying member and continuing during the
surviving spouse's lifetime until the end of the month in
24 which the dependent child or children are no longer in the
surviving spouse's care.

26 C. A surviving spouse of the qualifying member who is not
28 eligible to receive a benefit under paragraph A or B shall
be is paid a \$150 minimum benefit each month, beginning the
30 first month after the surviving spouse reaches 60 years of
age and continuing during the surviving spouse's lifetime.

32 A full month's benefit shall-be is paid to the estate of the
34 surviving spouse for the month in which the surviving spouse
dies.

36 D. The \$150 benefit specified under paragraphs A, B and C
38 shall-be is increased to \$225 on July 1, 1989, and \$300 on
July 1, 1990. Starting July 1, 1991, a participating local
40 district may increase the \$300 benefit by the cost of
living, in accordance with the provisions of subsection 10.

42 E. Only one beneficiary of a qualifying member shall-be is
44 entitled to receive the benefit under this subsection.

46 **4. Amount of survivor benefit to dependent children.** If
the dependent child or children or surviving spouse of the
48 deceased qualifying member elects a benefit under subsection 2,
paragraph A, the payment of benefits to the dependent child or
50 children shall-be is governed as follows.

2 A. The amount of the survivor benefit shall--be is
determined as follows.

4 (1) Until January 1, 1989:

6 (a) One dependent child shall--be is paid \$150
each month;

8 (b) Two dependent children shall--be are paid \$225
10 each month which shall must be divided equally
between them; and

12 (c) Three or more dependent children shall--be are
14 paid \$300 each month which shall must be divided
equally among them.

16 (2) Starting January 1, 1989, each dependent child
18 shall--~~receive~~ receives a benefit of \$150 a month.

20 (3) Starting July 1, 1989, each dependent child shall
22 ~~receive~~ receives a benefit of \$175 a month.

24 (4) Starting July 1, 1990, each dependent child shall
~~receive~~ receives a benefit of \$200 a month.

26 (5) Starting July 1, 1991, each dependent child shall
28 ~~receive~~ receives a benefit of \$225 a month.

30 (6) Starting July 1, 1992, each dependent child shall
~~receive~~ receives a benefit of \$250 a month.

32 (7) Starting July 1, 1993, a participating local
34 district may increase the \$250 benefit under
subparagraph (6) by the cost of living, in accordance
36 with the provisions of subsection 10.

38 B. The benefits shall begin the first month after the death
of the qualifying member and shall--be are payable to each
40 dependent child, in accordance with Title 18-A, article V,
until the end of the month in which he the child no longer
42 meets the definition of "dependent child" in section 17001,
subsection 12.

44 C. When any dependent child becomes ineligible to receive
benefits under this subsection, the other dependent
46 children, if any, shall continue to receive benefits in
accordance with this subsection.

48 D. The combined benefits under subsection 3 and this
50 subsection may not exceed 80% of the deceased qualifying
member's average final compensation adjusted annually at the

2 same time and at the same percentage as adjustments under
subsubsection 10.

4 **5. Amount of survivor benefit to parents.** If the parent of
the deceased qualifying member elects a benefit under subsection
6 2, paragraph A, the payment of benefits shall-be is governed as
follows.

8 A. The amount of the benefit shall-be is determined as
10 follows.

12 (1) A parent who is alive at the time of the death of
the qualifying member shall-be is paid \$150 a month if
14 he the parent is at least 60 years of age or, if not,
when-he-reaches upon reaching that age.

16 (2) If both parents are eligible for benefits under
18 this article and the older parent elects benefits under
this subsection, the older parent shall-be is paid \$150
20 a month and the younger parent shall-be is paid \$105 a
month ~~if-he-is-at-least~~ upon reaching 60 years of age
22 ~~or,-if-not,-when-he-reaches-that-age.~~

24 (3) Upon the death of either parent, the surviving
parent shall-~~receive~~ receives \$150 a month.

26 B. The payment of benefits to any parent shall-~~begin~~ begins
28 the first month after the death of the qualifying member and
shall-~~continue~~ continues until the death of the parent.

30 C. Benefits are payable under this subsection only if no
32 other benefits have been paid under subsection 3 or 4.

34 D. Starting July 1, 1991, a participating local district
may increase the \$150 benefit under paragraph A by the cost
36 of living, in accordance with the provisions of subsection
10.

38 E. No more than 2 beneficiaries of a qualifying member may
40 be entitled to receive the benefit under this subsection.

42 **5-A. Amount of survivor benefit to designated beneficiary.**
If a designated beneficiary, other than the surviving spouse,
44 dependent child, dependent children or the parent or parents of a
deceased qualifying member, elects a benefit under subsection 2,
46 paragraph A, the payment of benefits shall-be is governed as
follows.

48 A. A designated beneficiary who is alive at the time of the
50 death of the qualifying member shall-be is paid \$150 per
month beginning the first month after the death occurs and
52 continuing until the date of the designated beneficiary's

2 death, if the designated beneficiary is certified by the
3 medical board to be permanently mentally incompetent or
4 permanently physically incapacitated and is determined by
5 the executive director to be unable to engage in any
6 substantially gainful employment.

8 B. A designated beneficiary who is alive at the time of the
9 death of the qualifying member and is a person under 18
10 years of age, or under 22 years of age if the person is a
11 full-time student, ~~shall-be~~ is paid \$150 per month beginning
12 the first month after the death occurs and continuing until
13 the person no longer meets the age criteria of this
14 paragraph.

16 C. A designated beneficiary of the qualifying member who
17 has the care of the dependent child or children of the
18 deceased qualifying member, and who is not eligible to
19 receive a benefit under paragraph A, ~~shall-have~~ has the
20 option:

22 (1) To be paid \$150 per month, beginning the first
23 month after the death of the qualifying member and
24 continuing during the designated beneficiary's lifetime
25 for as long as the dependent child or children are in
26 the designated beneficiary's care;

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

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

34 D. A designated beneficiary who is not eligible to receive
35 a benefit under paragraph A, B or C ~~shall-be~~ is paid \$150
36 per month, beginning the first month after the designated
37 beneficiary reaches 60 years of age and continuing until the
38 date of the beneficiary's death.

40 E. Only one beneficiary of a qualifying member ~~shall-be~~ is
41 entitled to receive the benefit under this subsection.

42 5-B. Reduced retirement benefits. Instead of accepting the
43 benefits under subsection 1 or 2, the first listed person under
44 paragraph A living at the time of death of the qualifying member
45 may elect the benefits in this subsection.

48 A. The persons eligible to make the election under this
49 subsection are the qualifying member's:

50 (1) Designated beneficiary;

52 (2) Surviving spouse;

2 (3) Child or children; or

4 (4) Parent or parents.

6 B. Benefits under this subsection are paid as follows.

8 (1) The benefit is computed in accordance with section
10 18452, subsection 1 and is actuarially reduced to
12 reflect the number of years by which the member's age
14 precedes 60 years, except that if the member has 25 or
16 more years of creditable service on the effective date
18 of this subparagraph, the benefit is reduced in
 accordance with section 18452, subsection 3, if
 applicable, as if the service retirement of the
 qualifying member had taken place on the date of the
 member's death.

20 (2) The beneficiary is paid beginning on the first day
22 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.

24 (3) Benefits under this subsection are paid in
26 accordance with section 18404, subsection 3.

28 C. If the monthly benefit payable under this subsection is
30 \$10 or less, in lieu of those payments a lump sum that is
32 the actuarial equivalent of the benefit to which the
34 beneficiary is entitled must be paid on the date the first
 monthly payment would otherwise be paid. A beneficiary who
 receives a lump sum payment under this subsection does not
 forfeit any other benefit to which the member would be
 entitled if the member were receiving a monthly benefit
 payment.

36 6. Transfer of funds. If benefits are paid under
38 subsections 3 to 5-A 5-B, the amount of the deceased qualifying
40 member's accumulated contributions in the Members' Contribution
42 Fund ~~shall-be~~ is transferred to the Survivors' Benefit Fund and
44 the amount of the qualifying member's accumulated contributions
 in the Retirement Allowance Fund ~~shall-be~~ is transferred to the
 Survivors' Benefit Fund.

46 7. Death of beneficiary before payment. If any person
48 becomes entitled to the payment of benefits under this article
50 and dies before either the refund check or the initial survivor
 benefit check is endorsed and presented to a holder in due
 course, the person ~~shall-be~~ is considered to have predeceased the
 qualifying member.

2 8. Change of choice of payment option. Any beneficiary
4 under this article may change his the choice of payment at any
6 time up to the point of endorsement and presentation to a holder
8 in due course of either the refund check or the initial survivor
10 benefit payment.

12 9. Defeat of survivor's option. A qualifying member may
14 specify that the refund of the member's accumulated contributions
16 be paid to a designated beneficiary or to the qualifying member's
18 estate in lieu of any payment to survivors under subsections 3 to
20 5-A 5-B by filing an affidavit expressing that intent with the
22 executive director.

24 10. Cost-of-living adjustment. A participating local
26 district may provide an adjustment to survivor benefits in
28 accordance with section 18407 by:

30 A. Applying to the board; and

32 B. Supplying to the board a certified copy of its action
34 together with a statement of agreement to pay costs of the
36 adjustments.

38 11. Special options. Instead of accepting the payment
40 provided in subsection 1, 2, 5-A or 5-B, a beneficiary may elect
42 to receive benefits under article 5.

44 A. To elect these benefits, both the qualifying member and
46 the beneficiary must comply with each requirement of those
48 provisions.

50 B. If an election is not made under this subsection,
52 benefits payable under this section are in lieu of any
54 benefits payable under article 5.

56 Sec. 6. 5 MRSA §18554, as enacted by PL 1985, c. 801, §§5 and
58 7, is repealed.

60 Sec. 7. 5 MRSA §18556, sub-§1, as enacted by PL 1985, c. 801,
62 §§5 and 7, is amended to read:

64 1. Manner of adoption. A participating local district may
66 adopt the special survivor benefit option under this section in
68 addition to the benefits provided under sections section 18553
and-18554 in the manner set forth in section 18202.

70 Sec. 8. Effective date. This Act takes effect July 1, 1993.

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STATEMENT OF FACT

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6 This bill makes the so-called "automatic option 2" available
to the beneficiaries of state employee and teacher members of the
Maine State Retirement System who die while in service,
8 regardless of the number of years of service or age at the time
of death of the member. Under current law, when a member dies
10 after becoming eligible to retire, certain eligible beneficiaries
are given the option of receiving a retirement benefit equal to
12 the amount that the member would have received if the member had
retired on the day that the member died. This bill makes that
14 option available to the beneficiary of any deceased member. In
many instances a member dies after having earned a benefit in
16 excess of the benefit payable to the member's beneficiary under
the survivors' benefits provisions but the retirement benefit is
18 not available to the beneficiary if the member has not completed
25 years of creditable service or reached normal retirement age.

20

22 This benefit will be available to beneficiaries of employees
of a participating local district only after the district has
adopted this provision in the manner set forth in the Maine
24 Revised Statutes, Title 5, section 18202.