

MAINE STATE LEGISLATURE

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L.D. 1961

(Filing No. H-714)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to H.P. 1376, L.D. 1961, Bill, "An Act to Make Changes to the Laws Governing the Maine State Retirement System"

Amend the bill by striking out everything after the title and before the statement of fact and inserting in its place the following:

'Sec. 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.

1-A. Age 62; less than 7 years creditable service on December 1, 1991. Any member in service may retire on or after

2 the member's 62nd birthday. Any member not in service may retire
3 at the age of 62 years or thereafter provided that the member has
4 at least 10 years of creditable service or 5 full terms as a
5 Legislator. Creditable service as a member of the Maine State
6 Retirement System after service as a member of the Maine
7 Legislative Retirement System is used in determining the
8 completion of 10 years of creditable service.

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

11 2. Early retirement; 7 years of creditable service on
12 December 1, 1991. Any member in service who has completed at
13 least 25 years of creditable service, may retire any time before
14 his the member's 60th birthday. Creditable service as a member
15 of the Maine State Retirement System after service as a member of
16 the Maine Legislative Retirement System shall--be is used in
17 determining the completion of 25 years of creditable service.
18 The retirement allowance shall--be is determined in accordance
19 with section 852, except that it shall--be is reduced by
20 multiplying the retirement allowance by a fraction which that
21 represents the ratio of the amount of a life annuity due at age
22 60 years to the amount of a life annuity due at the age of
23 retirement. The tables of annuities in effect at the date of
24 retirement shall--be are used for this purpose.

25 This subsection applies to members who, on December 1, 1991, have
26 7 years of creditable service.

27 2-A. Early retirement; less than 7 years creditable service
28 on December 1, 1991. Any member in service who has completed at
29 least 25 years of creditable service may retire any time before
30 the member's 62nd birthday. Creditable service as a member of
31 the Maine State Retirement System after service as a member of
32 the Maine Legislative Retirement System is used in determining
33 the completion of 25 years of creditable service. The retirement
34 allowance is determined in accordance with section 852, except
35 that it is reduced by 6% for each year that the member's age
36 precedes age 62. The tables of annuities in effect at the date
37 of retirement are used for this purpose.

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

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

§1351. Eligibility for retirement

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

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

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 62nd birthday if the member has at least 10 years of creditable service. This subsection applies to members who, on December 1, 1991, do not have 7 years of creditable service.

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

3. Early retirement; 7 years of creditable service on December 1, 1991. Any member who has completed at least 25 years of creditable service may retire any time before his the member's 60th birthday. The retirement allowance shall-~~be~~ is determined in accordance with section 1352, 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 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.

3-A. Early retirement; less than 7 years creditable service on December 1, 1991. Any member who has completed at least 25 years of creditable service may retire any time before the member's 62nd birthday. The retirement allowance is determined in accordance with section 1352, 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.

2 Sec. 3. 5 MRSA §17001, sub-§13, ¶B, as amended by PL 1991, c.
432, is further amended to read:

4 B. "Earnable compensation" does not include:

6 (1) Payment for ~~more--than--30--days--of~~ unused
8 accumulated or accrued sick leave, or payment for ~~more~~
~~than--30--days--of~~ unused vacation leave ~~or--payment--for~~
10 ~~more--than--30--days--of--a--combination--of--beth;~~

12 (2) Any other payment that is not compensation for
14 actual services rendered or that is not paid at the
16 time the actual services are rendered; or

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

22 A payment for unused sick leave or unused vacation leave may
24 not be included as part of earnable compensation unless it
26 is paid upon the member's last termination before the member
28 applies for retirement benefits.

30 Sec. 4. 5 MRSA §17001, sub-§13, ¶C, as enacted by PL 1989, c.
32 800, is amended to read:

34 C. Notwithstanding the other provisions of this subsection,
36 for the purpose of determining average final compensation,
38 there may be excluded from earnable compensation that
40 portion of any salary or wage increase received during the
42 3-year period used in the calculation of average final
44 compensation that exceeds the prior year's earnable
46 compensation by more than 15% 10%. The portion of an
48 increase in salary or wages that exceeds 15% 10% may be
50 included in earnable compensation when the executive
 director specifically determines that the increase was not
 granted to enhance the member's retirement benefit.

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

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

 (1) Collectively bargained salary or wage increases
 pursuant to Title 26, chapter 9-A, 9-B or 12;

 (2) Salary or wage increases when similar increases
 are given at the same time to the majority of persons
 holding a similar position;

- (3) Job promotion;
- (4) Reclassification of position; or
- (5) Reallocation of position.

Sec. 5. 5 MRSA §17756, as enacted by PL 1985, c. 801, §§5 and 7, is repealed.

Sec. 6. 5 MRSA §17851, sub-§1, as amended by PL 1989, c. 78, §1, is further amended to read:

1. Member in service; 7 years of creditable service on December 1, 1991. A member who is in service when reaching 60 years of age, or is in service after 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 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, on December 1, 1991, have 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. 7. 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.

2 Sec. 8. 5 MRSA §17851, sub-§2, as amended by PL 1989, c. 78,
3 §2, is further amended to read:

4 2. **Member not in service; 7 years of creditable service on**
5 **December 1, 1991.** A member who is not in service when reaching
6 60 years of age qualifies for a service retirement benefit if the
7 member:

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

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

14 This subsection applies to members who, on December 1, 1991, have
15 7 years of creditable service.

16 Sec. 9. 5 MRSA §17851, sub-§2-A is enacted to read:

17 2-A. Member not in service; less than 7 years creditable
18 service on December 1, 1991. A member who is not in service when
19 reaching 62 years of age qualifies for a service retirement
20 benefit if the member:

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

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

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

29 Sec. 10. 5 MRSA §17852, sub-§3, as enacted by PL 1985, c. 801,
30 §§5 and 7, is amended to read:

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

36 A. The amount arrived at under subsection 1 shall-be is
37 reduced by applying to that amount the percentage that a

2 life annuity due at age 60 bears to the life annuity due at
the age of retirement; and

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

8
10 This subsection applies to members who, on December 1, 1991, have
7 years of creditable service.

12 Sec. 11. 5 MRSA §17852, sub-§3-A is enacted to read:

14 3-A. Member with creditable service of 25 years or more;
less than 7 years of creditable service on December 1, 1991. The
16 amount of the service retirement benefit for members qualified
under section 17851, subsection 3, is computed in accordance with
18 subsection 1, except that:

20 A. The amount arrived at under subsection 1 is reduced by
22 6% for each year that the member's age precedes age 62; and

24 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.

26
28 This subsection applies to members who, on December 1, 1991, do
not have 7 years of creditable service.

30 Sec. 12. 5 MRSA §17852, sub-§4, ¶C, as enacted by PL 1985, c.
32 801, §§5 and 7, is amended to read:

34 C. For persons qualifying under section 17851, subsection
36 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:

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

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

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

2 **Sec. 13. 5 MRSA §17852, sub-§4, ¶C-1** is enacted to read:

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

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

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

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

22 **Sec. 14. 5 MRSA §17852, sub-§10, ¶C,** as enacted by PL 1985, c.
801, §§5 and 7, is amended to read:

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

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

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

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

42 **Sec. 15. 5 MRSA §17852, sub-§10, ¶C-1** is enacted to read:

44 C-1. For persons qualifying under section 17851, subsection
46 11, paragraph B, and who retire before reaching the age of
 55, the retirement benefit is determined in accordance with
48 subsection 1, except that:

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

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

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

Sec. 16. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1991-92	1992-93
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EDUCATION, DEPARTMENT OF

Teachers' Retirement

All Other	(\$5,200,000)	(\$18,180,000)
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EXECUTIVE DEPARTMENTS AND AGENCIES

All Other	(\$2,450,000)	(\$8,570,000)
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Provides for the deappropriation of funds from teachers' and state employees' retirement not required because of reforms in the retirement systems included in this Act, 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

	<u>(\$7,650,000)</u>	<u>(\$26,750,000)</u>
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Sec. 17. Effective date. Those sections of this Act affecting the Maine Revised Statutes, Title 3, section 851; Title

HOUSE AMENDMENT "A" to H.P. 1376, L.D. 1961

4, section 1351; and Title 5, sections 17851 and 17852 take effect December 1, 1991.

FISCAL NOTE

1991-92 1992-93

APPROPRIATIONS/ALLOCATIONS

General Fund (\$7,650,000) (\$26,750,000)

This bill makes several changes to the State's retirement plans. Seven million six hundred and fifty thousand dollars in fiscal year 1991-92 and \$26,750,000 in fiscal year 1992-93 are deappropriated from savings to be generated through reduced employer contributions as a result of these changes.

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

STATEMENT OF FACT

This amendment eliminates increases in employee contributions, makes changes in normal retirement age and reductions for early retirement applicable to members with less than 7 years of service and changes the treatment of unused sick leave and vacation time and certain final years increases in compensation. The amendment also changes the appropriation and the fiscal note.

Filed by Rep. Jalbert of Lisbon
Reproduced and distributed under the direction of the Clerk of the House
(6/28/91) (Filing No. H-714)