

MAINE STATE LEGISLATURE

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R. of S.

L.D. 1961

(Filing No. S-403)

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STATE OF MAINE
SENATE
115TH LEGISLATURE
FIRST REGULAR SESSION

SENATE 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

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

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

26
27 This subsection applies to members who, on December 1, 1991, have
28 7 years of creditable service.

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

41
42 This subsection applies to members who, on December 1, 1991, do
43 not have 7 years of creditable service.

44
45 Sec. 2. 4 MRSA §1351, as amended by PL 1985, c. 693, §9, is
46 further amended to read:

47
48 **§1351. Eligibility for retirement**

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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+-e+.

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.

Sec. 3. 5 MRSA §17001, sub-§13, ¶C, as enacted by PL 1989, 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.

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

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

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

25 Sec. 4. 5 MRSA §17851, sub-§1, as amended by PL 1989, c. 78,
26 §1, is further amended to read:

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

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

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

38 This subsection applies to members who, on December 1, 1991, have
39 7 years of creditable service or who have reached 60 years of age

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and have been in service for a minimum of one year immediately before that date.

Sec. 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. 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. 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:

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

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2 B. Has at least 10 years of creditable service or 5 full
4 terms as a Legislator, which may include creditable service
6 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.

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

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

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

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

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

30 This subsection applies to members who, on December 1, 1991, have
32 7 years of creditable service.

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

36 3-A. Member with creditable service of 25 years or more;
38 less than 7 years of creditable service on December 1, 1991. The
40 amount of the service retirement benefit for members qualified
under section 17851, subsection 3, is computed in accordance with
subsection 1, except that:

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

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

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

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

4 C. For persons qualifying under section 17851, subsection
6 4, paragraph B, and who retire before reaching the age of
8 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
that a life annuity due at age 55 bears to the life
annuity due at the age of retirement; and

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

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

22 **Sec. 11. 5 MRSA §17852, sub-§4, ¶C-1** is enacted to read:

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

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

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

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

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

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

50 (1) The amount arrived at under subsection 1, shall--be
is reduced by applying to that amount the percentage

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2 that a life annuity due at age 55 bears to the life annuity due at the age of retirement; and

4 (2) For the purpose of making the computation under
6 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, have 7 years of creditable service.

12 **Sec. 13. 5 MRSA §17852, sub-§10, ¶C-1 is enacted to read:**

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

22 (1) The amount arrived at under subsection 1 is
24 reduced by 6% for each year that the member's age
26 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.

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

32 **Sec. 14. 5 MRSA §17858 is enacted to read:**

34 **§17858. Retirement incentive option**

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

48 **Sec. 15. Calculation and transfer.** The State Budget Officer
50 shall calculate the amount in section 16 of this Act that applies
against each General Fund account for all departments and

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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.

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

	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 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	(\$8,850,000)	(\$25,550,000)

Sec. 17. Effective date. Those sections of this Act affecting the Maine Revised Statutes, Title 3, section 851; Title 4, section 1351; and Title 5, sections 17851 and 17852 take effect December 1, 1991.

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FISCAL NOTE

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1991-92 1992-93

APPROPRIATIONS/ALLOCATIONS

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

This bill makes several changes to the State's retirement plans. Eight million eight hundred and fifty thousand dollars in fiscal year 1991-92 and \$25,550,000 in fiscal year 1992-93 are deappropriated from savings to be generated through reduced employer contributions and other salary savings 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 certain final years increases in compensation. The amendment also adds a new provision governing certain early retirements. The amendment also changes the appropriation and the fiscal note.

(Senator McCORMICK)
SPONSORED BY: Dale W. E.

COUNTY: Kennebec

Reproduced and Distributed Pursuant to Senate Rule 12.
(6/30/91) (Filing No. S-403)