

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

OK
R of S.

L.D. 1961

(Filing No. S- 404)

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46

STATE OF MAINE
SENATE
115TH LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT " B " 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 enacting clause 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; vested by December 1, 1991.** Any member in service may retire on or after his the member's 60th birthday, provided that on December 1, 1991 the member is in service and has 10 years of creditable service or is in service on December 1, 1991 and has reached 60 years of age. 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 before December 1, 1991. 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.

1-A. Age 62 years; not vested by December 1, 1991. If a member does not have 10 years of creditable service by December 1, 1991 and is not in service and 60 years of age on December 1, 1991, the member, if in service, may retire on or after the

SENATE AMENDMENT "B" to H.P. 1376, L.D. 1961

member's 62nd birthday. Any member not in service on December 1, 1991 who does not have 10 years of creditable service and has not reached age 60 by that date may retire on or after the member's 62nd birthday, 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.

2. Early retirement; vested by 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 provided that on December 1, 1991 the member is in service and has 10 years of creditable service. 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.

2-A. Early retirement; not vested by December 1, 1991. If a member does not have 10 years of creditable service by December 1, 1991, the member, after completing 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 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.

Sec. 2. 4 MRSA §1351, as amended by PL 1985, c. 693, §9, is 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; vested by December 1, 1991. Any member may retire on or after his the member's 60th birthday if he the

R. of S.

SENATE AMENDMENT "B" to H.P. 1376, L.D. 1961

2 member has at least 10 years of creditable service by December 1, 1991.

4 1-A. Age 62 years; not vested by December 1, 1991. If a
6 member does not have 10 years of creditable service by December
8 1, 1991, the member may retire on or after the member's 62nd
birthday if the member has at least 10 years of creditable
service at that time.

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

16 3. Early retirement; vested by December 1, 1991. Any member
18 who has completed at least 25 years of creditable service may
20 retire any time before his the member's 60th birthday provided
22 that by December 1, 1991 the member is in service and has 10
24 years of creditable service. The retirement allowance shall-be is
26 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.

28 3-A. Early retirement; not vested by December 1, 1991. If
a member does not have 10 years of creditable service by December
1, 1991, the member, after completing at least 25 years of
30 creditable service, may retire at any time before the member's
62nd birthday. The retirement allowance is determined in
32 accordance with section 1352, except that it is reduced 6% for
each year that the member's age precedes age 62. The tables of
34 annuities in effect at the date of retirement are used for this
purpose.

36 Sec. 3. 5 MRSA §17001, sub-§13, ¶B, as amended by PL 1985, c.
38 801, §§5 and 7, is further amended to read:

- 40 B. "Earnable compensation" does not include:
- 42 (1) Payment For any member who has 10 years of
44 creditable service by December 1, 1991, payment for
46 more than 30 days of unused accumulated or accrued sick
48 leave, payment for more than 30 days of unused vacation
leave or payment for more than 30 days of a combination
of both;
- 50 (1-A) For any member who does not have 10 years of
creditable service by December 1, 1991, payment for any

SENATE AMENDMENT "B" to H.P. 1376, L.D. 1961

2 unused accumulated or accrued sick leave or payment for
3 any unused vacation leave;

4 (2) Any other payment which is not compensation for
5 actual services rendered or which is not paid at the
6 time the actual services are rendered; or

7 (3) Teacher recognition grants paid pursuant to Title
8 20-A, section 13503-A.

10 Sec. 4. 5 MRSa §17001, sub-§13, ¶C, as enacted by PL 1989, c.
12 800, is amended to read:

14 C. Notwithstanding the other provisions of this subsection,
15 for the purpose of determining average final compensation,
16 there may be excluded from earnable compensation that
17 portion of any salary or wage increase received during the
18 3-year period used in the calculation of average final
19 compensation that exceeds the prior year's earnable
20 compensation by more than 15% 10%. The portion of an
21 increase in salary or wages that exceeds 15% 10% may be
22 included in earnable compensation when the executive
23 director specifically determines that the increase was not
24 granted to enhance the member's retirement benefit.

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

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

- 32 (1) Collectively bargained salary or wage increases
33 pursuant to Title 26, chapter 9-A, 9-B or 12;
- 34 (2) Salary or wage increases when similar increases
35 are given at the same time to the majority of persons
36 holding a similar position;
- 37 (3) Job promotion;
- 38 (4) Reclassification of position; or
- 39 (5) Reallocation of position.

44 Sec. 5. 5 MRSa §17756, sub-§1, as enacted by PL 1985, c. 801,
46 §§5 and 7, is amended to read:

48 1. Service credit. Unused For members with 10 years of
49 creditable service by December 1, 1991, unused accumulated or
50 accrued sick leave, unused vacation leave, or a combination of

R. of S.

SENATE AMENDMENT "B" to H.P. 1376, L.D. 1961

both, for which a member is credited on termination of service, but for which the member does not receive payment, qualifies for service credit. Members who do not have 10 years of creditable service by December 1, 1991 receive no credit under this section.

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

1. Member in service; vested by December 1, 1991. A member who has 10 years of creditable service by December 1, 1991, or who has reached 60 years of age and been in service for a minimum of one year immediately before December 1, 1991, and 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.

Sec. 7. 5 MRSA §17851, sub-§1-A is enacted to read:

1-A. Member in service; not vested by December 1, 1991. A member who does not have 10 years of creditable service by December 1, 1991 and who has not reached 60 years of age and been in service for a minimum of one year immediately by December 1, 1991, and 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.

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

2. Member not in service; vested by December 1, 1991. A member who has 10 years of creditable service by December 1, 1991, or who had reached 60 years of age before December 1, 1991,

SENATE AMENDMENT "B" to H.P. 1376, L.D. 1961

with a minimum of one year of service immediately before termination, and 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.

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

2-A. Member not in service; not vested by December 1, 1991. A member who does not have 10 years of creditable service by December 1, 1991 and who had not reached 60 years of age by December 1, 1991 with a minimum of one year of service immediately before termination, and 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
- B. Has at least 10 years of creditable service of 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.

Sec. 10. 5 MRSA §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. 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 For any member who has 10 years of creditable service by December 1, 1991, 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

A-1. For any member who does not have 10 years of creditable service by December 1, 1991, the amount arrived at under subsection 1 is reduced 6% for each year that the member's age precedes age 62; and

R. of S.

SENATE AMENDMENT "B" to H.P. 1376, L.D. 1961

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48
50

B. For the purpose of making the computation under paragraph A or A-1, the board-approved tables of annuities in effect at the date of the member's retirement shall-be are used.

Sec. 11. 5 MRSA §17852, sub-§4, ¶C, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

C. For persons qualifying under section 17851, subsection 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:

(1) 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 55 bears to the life annuity due at the age of retirement~~ 6% for each year that the member's age precedes age 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 shall-be are used.

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

C. For members who qualify under section 17851, subsection 11, 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:

(1) 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 55 bears to the life annuity due at the age of retirement~~ 6% for each year that the member's age precedes age 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 shall-be are used.

Sec. 13. Calculation and transfer. The State Budget Officer shall calculate the amount in section 14 of this Act that applies against each General Fund account for all departments and agencies based on the Personal Services appropriations to those accounts. The State Budget Officer shall cause the calculated amount to be transferred from each account.

R. of S.

SENATE AMENDMENT "B" to H.P. 1376, L.D. 1961

Sec. 14. 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	(\$5,230,000)	(\$18,160,000)
Executive Departments and Agencies		
All Other	(\$2,460,000)	(\$8,550,000)
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 8.81% for fiscal year 1992-93.		
DEPARTMENT OF EDUCATION		
TOTAL	<u>(\$7,690,000)</u>	<u>(\$26,710,000)</u>

Sec. 15. Effective date. Those sections of this Act affecting the Maine Revised Statutes, Title 3, section 851; Title 4, section 1351; and Title 5, sections 17001, 17756, 17851 and 17852 take effect December 1, 1991.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

FISCAL NOTE

	1991-92	1992-93
APPROPRIATIONS/ALLOCATIONS		
General Fund	(\$7,690,000)	(\$26,710,000)

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30

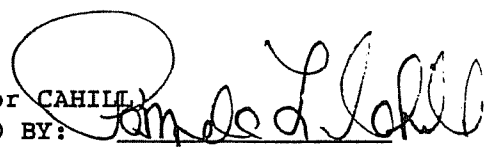
This bill makes several changes to the State's retirement plans. Seven million six hundred and ninety thousand dollars in fiscal year 1991-92 and \$26,710,000 in fiscal year 1992-93 are deappropriated from savings to be generated through reduced employer contributions as a result of these changes.

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 makes reductions for early retirement applicable and changes in the treatment of unused sick leave and vacation time effective December 1, 1991. The amendment also changes the appropriation and the fiscal note.

(Senator CAHILL)
SPONSORED BY:



COUNTY: Sagadahoc

Reproduced and Distributed Pursuant to Senate Rule 12.
(6/30/91) (Filing No. S-404)