

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1961

H.P. 1376

House of Representatives, June 26, 1991

Reported by Representative CHONKO from the Committee on Appropriations and Financial Affairs pursuant to H.P. 51 and printed under Joint Rule 2.

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

EDWIN H. PERT, Clerk

STATE OF MAINE

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

An Act to Make Changes to the Laws Governing the Maine State Retirement System.

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the 90-day period may not terminate until after the beginning of the next fiscal year; and

Whereas, this legislation implements changes to the retirement system effective July 1, 1991; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 3 MRSA §804, as enacted by PL 1985, c. 507, §1, is amended to read:

§804. Members' contributions

Each member shall contribute at a rate of 4% 5.15% of earnable compensation.

Sec. 2. 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 before July 1, 1991. Any member in service may retire on or after his the member's 60th birthday, provided that on June 30, 1991 the member is in service and has 10 years of creditable service or is in service on June 30, 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 July 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. Two years of creditable service is granted for a full term as a Legislator.

2 1-A. Age 62 years; not vested before July 1, 1991. If a
3 member does not have 10 years of creditable service before July
4 1, 1991 and is not in service and 60 years of age on June 30,
5 1991, the member, if in service, may retire on or after the
6 member's 62nd birthday. Any member not in service on June 30,
7 1991 who does not have 10 years of creditable service and has not
8 reached age 60 by that date may retire on or after the member's
9 62nd birthday, provided that the member has at least 10 years of
10 creditable service. Creditable service as a member of the Maine
11 State Retirement System after service as a member of the Maine
12 Legislative Retirement System is used in determining the
13 completion of 10 years of creditable service. Two years of
14 creditable service is granted for a full term as a Legislator.

15
16 2. Early retirement; vested before July 1, 1991. Any member
17 in service who has completed at least 25 years of creditable
18 service, may retire any time before his the member's 60th
19 birthday provided that on June 30, 1991 the member is in service
20 and has 10 years of creditable service. Creditable service as a
21 member of the Maine State Retirement System after service as a
22 member of the Maine Legislative Retirement System shall-~~be~~ is
23 used in determining the completion of 25 years of creditable
24 service. The retirement allowance shall-~~be~~ is determined in
25 accordance with section 852, except that it shall-~~be~~ is reduced
26 by multiplying the retirement allowance by a fraction which that
27 represents the ratio of the amount of a life annuity due at age
28 60 years to the amount of a life annuity due at the age of
29 retirement. The tables of annuities in effect at the date of
30 retirement shall-~~be~~ are used for this purpose.

31
32 2-A. Early retirement; not vested before July 1, 1991. If
33 a member does not have 10 years of creditable service before July
34 1, 1991, the member, after completing at least 25 years of
35 creditable service, may retire any time before the member's 62nd
36 birthday. Creditable service as a member of the Maine State
37 Retirement System after service as a member of the Maine
38 Legislative Retirement System is used in determining the
39 completion of 25 years of creditable service. The retirement
40 allowance is determined in accordance with section 852, except
41 that it must be actuarially reduced to reflect the number of
42 years by which the member's age precedes age 62. The tables of
43 annuities in effect at the date of retirement are used for this
44 purpose.

45
46 Sec. 3. 4 MRSA §1304, as amended by PL 1989, c. 133, §26, is
47 further amended to read:

48 **§1304. Employees' contributions**

2 Each member in service shall contribute at a rate of 6-5%
7.65% of earnable compensation.

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

6 **§1351. Eligibility for retirement**

8
10 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+.

12
14 1. Age 60; vested before July 1, 1991. Any member may
retire on or after his the member's 60th birthday if he the
16 member has at least 10 years of creditable service on June 30,
1991+.

18 1-A. Age 62 years; not vested before July 1, 1991. If a
member does not have 10 years of creditable service before July
20 1, 1991, the member may retire on or after the member's 62nd
birthday if the member has at least 10 years of creditable
22 service at that time.

24 2. Age 70. Any member in service may retire on or after his
26 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+~~or~~.

28
30 3. Early retirement; vested before July 1, 1991. Any member
who has completed at least 25 years of creditable service may
32 retire any time before his the member's 60th birthday provided
that on June 30, 1991 the member is in service and has 10 years
34 of creditable service. The retirement allowance shall--be is
determined in accordance with section 1352, except that it shall
36 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
38 age of retirement. The tables of annuities in effect at the date
of retirement shall--be are used for this purpose.

40
42 3-A. Early retirement; not vested before July 1, 1991. If
a member does not have 10 years of creditable service before July
44 1, 1991, the member, after completing at least 25 years of
creditable service, may retire at any time before the member's
46 62nd birthday. The retirement allowance is determined in
accordance with section 1352, except that it must be actuarially
48 reduced to reflect the number of years by which the member's age
precedes age 62. The tables of annuities in effect at the date
of retirement are used for this purpose.

50

2 **Sec. 5. 5 MRSA §17701, first ¶,** as amended by PL 1987, c. 739,
§§14 and 48, is further amended to read:

4 Each member shall contribute to the retirement system or
6 have pick-up contributions made at a rate of ~~6.5%~~ 7.65% of
earnable compensation, except as otherwise provided in this Part.

8 **Sec. 6. 5 MRSA §17708, sub-§2,** as amended by PL 1987, c. 739,
10 §§20 and 48, is further amended to read:

12 **2. Before September 1, 1984.** A state police officer who
14 was first employed by that department after July 9, 1943, but
before September 1, 1984, shall contribute to the retirement
16 system or have pick-up contributions made by the employer as
follows:

18 A. At a rate of ~~7.5%~~ 8.65% of earnable compensation until
20 the state police officer has completed 20 years of
creditable service, as required under section 17851,
subsection 4, paragraph A; and

22 B. After completing the service described in paragraph A,
24 at a rate of ~~6.5%~~ 7.65% of earnable compensation for the
remainder of employment as a state police officer.

26 **Sec. 7. 5 MRSA §17708, sub-§3,** as enacted by PL 1985, c. 801,
28 §§5 and 7, is amended to read:

30 **3. After August 31, 1984.** A state police officer who was
32 first employed by that department after August 31, 1984, shall
contribute to the retirement system or have pick-up contributions
made by the employer as follows:

34 A. At a rate of ~~7.5%~~ 8.65% of earnable compensation until
36 he the state police officer has completed 25 years of
creditable service, as required under section 17851,
38 subsection 4, paragraph B; and

40 B. After completing the service described in paragraph A,
42 at a rate of ~~6.5%~~ 7.65% of earnable compensation for the
remainder of his employment as a state police officer.

44 **Sec. 8. 5 MRSA §17709, sub-§§1 and 2,** as enacted by PL 1985, c.
801, §§5 and 7, are amended to read:

46 **1. 8.65% rate.** At a rate of ~~7.5%~~ 8.65% of earnable
48 compensation until he the officer has completed 20 years of
creditable service, as required under section 17851, subsection
50 5; and

2 2. **7.65% rate.** After completing the service described in
paragraph A, at a rate of ~~6.5%~~ 7.65% of earnable compensation for
the remainder of his employment in that capacity.

4
6 **Sec. 9. 5 MRSA §17710, sub-§1, ¶¶A and B,** as amended by PL
1987, c. 739, §§22 and 48, are further amended to read:

8 A. At a rate of ~~7.5%~~ 8.65% of earnable compensation until
the officer has completed 20 years of creditable service, as
required under section 17851, subsection 6; and

10
12 B. After completing the service described in paragraph A,
at a rate of ~~6.5%~~ 7.65% of earnable compensation for the
remainder of employment in that capacity.

14
16 **Sec. 10. 5 MRSA §17711, sub-§§1 and 2,** as enacted by PL 1985,
c. 801, §§5 and 7, are amended to read:

18 1. **8.65% rate.** At a rate of ~~7.5%~~ 8.65% of earnable
20 compensation until he the forest ranger has met the requirements
for eligibility for retirement under section 17851, subsection 8;
22 and

24 2. **7.65% rate.** After meeting the eligibility requirements
for retirement, at a rate of ~~6.5%~~ 7.65% of earnable compensation
26 for the remainder of his employment as a forest ranger.

28 **Sec. 11. 5 MRSA §17712, sub-§1, ¶¶A and B,** as amended by PL
1987, c. 739, §§24 and 48, are further amended to read:

30 A. At a rate of ~~7.5%~~ 8.65% of earnable compensation until
32 the employee has met the eligibility requirements for
retirement under section 17851, subsection 11, paragraph A;
34 and

36 B. After meeting the eligibility requirements for
retirement, at a rate of ~~6.5%~~ 7.65% of earnable compensation
38 for the remainder of employment in one or more of those
capacities.

40
42 **Sec. 12. 5 MRSA §17112, sub-§2, ¶¶A and B,** as amended by PL
1987, c. 739, §§24 and 48, are further amended to read:

44 A. At a rate of ~~7.5%~~ 8.65% of earnable compensation until
the employee has completed 25 years of creditable service in
46 one or more of those capacities; and

48 B. After completing the service described in paragraph A,
at a rate of ~~6.5%~~ 7.65% of earnable compensation for the
50 remainder of employment in one or more of those capacities.

2 **Sec. 13. 5 MRSA §17851, sub-§1, as amended by PL 1989, c. 78,**
3 **§1, is further amended to read:**

4
5 **1. Member in service; vested before July 1, 1991.** A member
6 **who has 10 years of creditable service before July 1, 1991, or**
7 **who has reached 60 years of age and been in service for a minimum**
8 **of one year immediately before July 1, 1991, and who is in**
9 **service when reaching 60 years of age, or is in service after**
10 **reaching 60 years of age, qualifies for a service retirement**
11 **benefit if the member:**

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

13
14 **B. Has been in service for a minimum of one year**
15 **immediately before retirement or has at least 10 years of**
16 **creditable service, which may include creditable service as**
17 **a member of the Maine Legislative Retirement System under**
18 **Title 3, section 701, subsection 8, before becoming a member**
19 **of the Maine State Retirement System.**

20
21 **Sec. 14. 5 MRSA §17851, sub-§1-A is enacted to read:**

22
23 **1-A. Member in service; not vested before July 1, 1991.** A
24 **member who does not have 10 years of creditable service before**
25 **July 1, 1991 and who has not reached 60 years of age and been in**
26 **service for a minimum of one year immediately before July 1,**
27 **1991, and who is in service when reaching 62 years of age, or is**
28 **in service after reaching 62 years of age, qualifies for a**
29 **service retirement benefit if the member:**

30
31 **A. Retires upon or after reaching 62 years of age; and**

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

39
40 **Sec. 15. 5 MRSA §17851, sub-§2, as amended by PL 1989, c. 78,**
41 **§2, is further amended to read:**

42
43 **2. Member not in service; vested before July 1, 1991.** A
44 **member who has 10 years of creditable service before July 1,**
45 **1991, or who had reached 60 years of age before July 1, 1991,**
46 **with a minimum of one year of service immediately before**
47 **termination, and who is not in service when reaching 60 years of**
48 **age qualifies for a service retirement benefit if the member:**

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

4 B. Has at least 10 years of creditable service or 5 full
6 terms as a Legislator, which may include creditable service
8 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.

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

12 2-A. Member not in service; not vested before July 1,
14 1991. A member who does not have 10 years of creditable service
16 before July 1, 1991 and who had not reached 60 years of age
before July 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:

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

20 B. Has at least 10 years of creditable service of 5 full
22 terms as a Legislator, which may include creditable service
24 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.

26 Sec. 17. 5 MRSA §17852, sub-§3, as enacted by PL 1985, c. 801,
28 §§5 and 7, is amended to read:

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

36 A. The For any member who has 10 years of creditable
38 service before July 1, 1991, the amount arrived at under
40 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

42 A-1. For any member who does not have 10 years of
44 creditable service before July 1, 1991, the amount arrived
at under subsection 1 is actuarially reduced to reflect the
number of years by which the member's age precedes age 62;
and

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

2 **Sec. 18. 5 MRSA §17852, sub-§4, ¶C**, as enacted by PL 1985, c.
301, §§5 and 7, is amended to read:

4
5 C. For persons qualifying under section 17851, subsection
6 4, paragraph B, and who retire before reaching the age of
7 55, the retirement benefit shall--be is determined in
8 accordance with subsection 1, except that:

9
10 (1) The amount arrived at under subsection 1 shall
11 must be actuarially reduced by applying to that amount
12 the percentage that a life annuity due at age 55 bears
13 to the life annuity due at the age of retirement to
14 reflect the number of years by which the member's age
15 precedes age 55; and

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

21 **Sec. 19. 5 MRSA §17852, sub-§10, ¶C**, as enacted by PL 1985, c.
22 801, §§5 and 7, is amended to read:

23
24 C. For members who qualify under section 17851, subsection
25 11, paragraph B, and who retire before reaching the age of
26 55, the retirement benefit shall--be is determined in
27 accordance with subsection 1, except that:

28
29 (1) The amount arrived at under subsection 1, shall
30 must be actuarially reduced by applying to that amount
31 the percentage that a life annuity due at age 55 bears
32 to the life annuity due at the age of retirement to
33 reflect the number of years by which the member's age
34 precedes age 55; and

35
36 (2) For the purpose of making the computation under
37 subparagraph (1), the board-approved tables of
38 annuities in effect at the date of the member's
39 retirement shall-be are used.

40
41 **Sec. 20. Appropriation.** The following funds are appropriated
42 from the General Fund to carry out the purposes of this Act.

43
44
45
46
47
48

1991-92

1992-93

EDUCATION, DEPARTMENT OF
Teachers' Retirement

2 All Other (\$9,532,237) (\$10,942,517)

4 EXECUTIVE DEPARTMENTS
AND AGENCIES

6 All Other (12,367,763) (12,157,483)

8 Provides for the
10 deappropriation of funds from
teachers' and state
12 employees' retirement not
required because of reforms
14 in the retirement systems
included in this Act.

16
18 TOTAL APPROPRIATIONS (\$21,900,000) (\$23,100,000)

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

22
24 FISCAL NOTE

26 Changing various provisions of the retirement benefit plan,
as proposed in this bill, will generate savings to the General
28 Fund as follows:

30 1991-92 1992-93
32 General Fund Appropriations (\$21,900,000) (\$23,100,000)

34
36 STATEMENT OF FACT

38 This bill increases the employee contributions to the Maine
State Retirement System by 1.15% for all members of the Maine
State Retirement System, Maine Judicial Retirement System and
40 Maine Legislative Retirement System.

42 The bill also makes retirement benefit plan changes for
nonvested members of the these retirement plans by increasing the
44 normal retirement age to 62 years and eliminating subsidized
early retirement.