

# MAINE STATE LEGISLATURE

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R. of S.

L.D. 768

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
117TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 567, L.D. 768, Bill, "An Act to Permit the Buyback of Retirement Time"

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. 5 MRSA §17652, sub-§2, ¶A, as amended by PL 1987, c. 739, §§9 and 48, is further amended to read:

A. A Except as provided in section 17704-A, a person who joins the retirement system under this subsection may not pay contributions or have pick-up contributions made on or receive any service credit for the period during which that person elected not to be a member of the system.

Sec. 2. 5 MRSA §17704, sub-§4, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

4. **Applicability.** This section does not apply to any member who begins membership after December 31, 1985, and who had, in accordance with section 17652, elected not to become a member when first employed, except as provided in section 17704-A.

Sec. 3. 5 MRSA §17704-A is enacted to read:

§17704-A. Back contributions; elected and appointed officials

Notwithstanding section 17652, subsection 2, paragraph A and section 17704, an elected official or an official appointed for a

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fixed term who began membership after December 31, 1985 may purchase service credit for the period during which that person elected not to be a member of the retirement system if the following requirements are met.

1. Election. Notice of the member's election to pay back contributions into the Members' Contribution Fund under this section must be received by the retirement system by December 31, 1995.

2. Timing of payment. The payment must be made before the date any retirement benefit becomes effective for the member.

3. Method of payment. The payment must be made to the retirement system by a single direct payment or by annual direct payments. Annual payments must be made as provided in section 17701, subsection 4.

4. Amount of payment. The amount of payment must be the amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the additional creditable service. Additional amounts paid under this section become part of the member's accumulated contributions.

**Sec. 3. 5 MRSA §17753, as repealed and replaced by PL 1989, c. 95, §5, is amended to read:**

**§17753. Service credit for back contributions**

Upon complete payment of the back contributions under section 17704 ~~or 17704-A~~, the member shall ~~shall~~ must be granted service credit for the period of time for which the contributions have been made. Upon making partial payment of the back contributions under section 17704 ~~or 17704-A~~, the member shall ~~shall~~ must be granted service credit on a pro rata basis in accordance with rules adopted by the board.'

**STATEMENT OF FACT**

The original bill allows elected officials who have chosen not to be members of the Maine State Retirement System a limited opportunity to purchase service credit for part or all of the period they were not members. The amendment makes the following changes:

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2 1. It expands the application of the buyback provision to  
officials appointed for a fixed term to be consistent with  
existing law;

4

6 2. It requires officials who purchase back service under  
this provision to pay the actuarial equivalent of the benefit  
being purchased to avoid increasing the unfunded liability of the  
8 retirement system; and

10 3. It eliminates the option for officials who purchase back  
service to select the period of eligible service they wish to buy  
12 back.