

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 1531

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S.P. 563

In Senate, May 16, 1995

**An Act to Clarify Early Retirement Incentives.**

(AFTER DEADLINE)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.  
Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS  
Secretary of the Senate

Presented by Senator SMALL of Sagadahoc.

Cosponsored by Senators: AMERO of Cumberland, CARPENTER of York, ESTY of Cumberland, HARRIMAN of Cumberland, KIEFFER of Aroostook, LORD of York, MICHAUD of Penobscot, PARADIS of Aroostook, Representatives: AULT of Wayne, BARTH of Bethel, BIRNEY of Paris, BRENNAN of Portland, DESMOND of Mapleton, DORE of Auburn, GREEN of Monmouth, JOY of Crystal, LEMAIRE of Lewiston, MARTIN of Eagle Lake, OTT of York, REED of Falmouth, STEVENS of Orono.

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

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3       **Sec. 1. 5 MRSA §17154, sub-§10**, as amended by PL 1993, c. 580,  
4       §2 and affected by §3, is repealed and the following enacted in  
5       its place:

6  
7       **10. Payment of additional actuarial costs incurred by the**  
8       **retirement system due to early retirement incentives.**  
9       Notwithstanding the other provisions of this section, additional  
10       actuarial and reasonable administrative costs that result from  
11       the early retirement of a member offered a retirement incentive  
12       by an employer must be paid by the employer that offered and  
13       provided the incentive in a manner prescribed in rules adopted by  
14       the board.

15       A. "Retirement incentive" means any significant payment or  
16       award, monetary or nonmonetary, that is provided by an  
17       employer to a member who is eligible to retire or becomes  
18       eligible to retire as a result of the payment or award.  
19       This payment or award must be intended to induce the  
20       member's retirement, regardless of whether it is received  
21       prior or subsequent to the member's retirement. A bonus,  
22       stipend, consideration for or in response to a planned  
23       retirement, compensation in lieu of fringe benefits or other  
24       payment or award is a retirement incentive under this  
25       subsection when it meets all the criteria of this paragraph.

26  
27       B. "Early retirement" means retirement before normal  
28       retirement age with a reduced retirement benefit as provided  
29       by section 17852, subsection 3 or 3-A, subsection 4,  
30       paragraph C or C-1 or subsection 10, paragraph C or C-1;  
31       section 17857, subsection 3-A; section 18452, subsection 3;  
32       or section 18462, subsection 3.

33  
34       C. For purposes of this subsection, "employer" means, in  
35       the case of a member who is a state employee, the department  
36       of State Government by which the member was last employed  
37       prior to retirement; in the case of a member who is a  
38       teacher, the local school administrative unit by which the  
39       member was last employed prior to retirement; and in the  
40       case of a member who is an employee of a participating local  
41       district, the district by which the member was last employed  
42       prior to retirement.

43  
44       D. The board shall bill the employer for the additional  
45       actuarial costs that result from the member's early  
46       retirement. The costs must be paid annually on a pro rata  
47       basis beginning on the first anniversary of the member's  
48       retirement until the year that the member attains the age at  
49       which the member would have otherwise become eligible for an  
50       unreduced retirement benefit.

2           E. An early retirement incentive that is part of a  
3           collective bargaining agreement executed or ratified in its  
4           final form by final vote of one party to the agreement prior  
5           to July 1, 1995 is not subject to this subsection for the  
6           initial term of that agreement.

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### STATEMENT OF FACT

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11           This bill clarifies the meaning of "retirement incentive"  
12           and requires the Board of Trustees of the Maine State Retirement  
13           System to bill employers for the costs to the system of early  
14           retirement.