

# MAINE STATE LEGISLATURE

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**LABOR**

Reported by: Senator Treat

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**STATE OF MAINE  
SENATE  
118TH LEGISLATURE  
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A " to S.P. 270, L.D. 878, Bill, "An Act to Further Facilitate the Purchase of Service Credit in the Maine State Retirement System"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

**Sec. 1. 5 MRSA §17751, sub-§2,** as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

**2. Absence without pay.** The Except as provided in section 17765, the board may not allow service credit for a period of absence without pay of more than a month's duration for a full-time position.

**Sec. 2. 5 MRSA §17765** is enacted to read:

**§17765. Service credit for educational leave**

A member may purchase service credit for the period during which the member took an unpaid or partially paid educational leave pursuant to the Maine Educational Leave Act under the following conditions.

**1. Payment.** The member must, before any retirement benefit becomes effective, pay into the Members' Contribution Fund by a single payment or annual direct payments to the retirement system an 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 service credit purchased under this section. Payments must be made as provided in section 17701, subsection 4.

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2 If any retirement benefit becomes effective before the completion  
4 of the payment under this subsection, the member is entitled to  
6 the additional creditable service that the total amount of  
8 payments actually made, plus regular interest on those payments  
to the date the retirement benefit becomes effective, bears to  
the actuarial equivalent of the total portion of the retirement  
benefit based on the additional creditable service.

10 2. Limitation on use of purchased service credit.  
12 Notwithstanding any other provision of law, service credit  
14 purchased under this section may be used only for the purpose of  
16 increasing the amount of a member's service retirement benefit by  
inclusion of the purchased service credit and may not be used to  
establish a member's qualification for a service retirement  
benefit.

18 3. Return to employment. The member must have returned to  
20 state employment after completion of the educational leave.'

22 Further amend the bill by inserting at the end before the  
24 summary the following:

26 **FISCAL NOTE**

28 This bill will not increase employer contribution rates and  
30 will not affect the unfunded actuarial liability of the Maine  
32 State Retirement System. The member purchasing the service  
34 credit is responsible for the full actuarial cost and the use of  
this service credit is limited to avoid an increase in the  
unfunded liability. The system may incur some minor additional  
administrative costs, which can be absorbed within the system's  
existing budgeted resources.'

36 **SUMMARY**

38 Like the bill, this amendment authorizes state employees to  
40 purchase service credit in the Maine State Retirement System for  
42 time spent on unpaid or partially paid educational leave under  
the Maine Educational Leave Act. The amendment places the new  
44 language in a separate statutory section to avoid confusion with  
other purchase of service credit provisions and requires that the  
46 member must return to state service following the educational  
leave. The amendment restricts use of the service credit  
48 purchased to benefit calculation; the additional credit may not  
be used for vesting or determination of eligibility for  
50 retirement purposes. The member must pay the full actuarial cost  
of the increase in retirement benefits due to the increased

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2      creditable service so there is no increased cost to the  
retirement system. The amendment also adds a fiscal note to the  
bill.

**COMMITTEE AMENDMENT**