

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)



118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 1014

S.P. 306

In Senate, February 11, 1997

An Act to Give State Employees the Option of Entering the Social Security System.

Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

4 **Sec. 1. 5 MRSA S17651**, as enacted by PL 1985, c. 801, §§5 and
7, is amended to read:

6 **§17651. Mandatory membership**

8 All Except as provided in section 17652, all employees shall
10 become members of the retirement system as a condition of their
employment.

12 **Sec. 2. 5 MRSA §17652, sub-§3** is enacted to read:

14 3. Employees hired after January 1, 1999. Membership in
16 the retirement system is optional for persons hired after January
18 1, 1999. An employee who elects to become a member of the
20 retirement system is precluded from withdrawing membership at a
22 later date. An employee who elects not to become a member of the
retirement system shall participate in the United States Social
Security System. Each member who elects not to become a member
of the retirement system may participate in the defined
contribution retirement plan established in section 17701-C.

24 **Sec. 3. 5 MRSA §17701-C** is enacted to read:

26 **§17701-C. Defined contribution retirement plan**

28 A defined contribution retirement plan to supplement social
30 security coverage must be offered to each employee who elects not
32 to become a member of the retirement system pursuant to section
17652. The State shall provide a matching contribution, up to a
maximum of 3% of the employee's gross wages, for any funds
deposited by the employee in the plan.

34 **Sec. 4. Department of Labor to adopt rules to implement retirement**
36 **plan choice.** The Department of Labor shall adopt rules no later
38 than January 1, 1998 to carry out the purposes of the Maine
Revised Statutes, Title 5, section 17652, subsection 3 and
section 17701-C. The rules must include the following provisions:

40 1. Regardless of an employee's age at the time of hire, the
42 value of benefits earned under either the Maine State Retirement
System or the United States Social Security System must be
44 equivalent;

46 2. The process by which an employee selects coverage,
48 including the time frame in which to make the choice;

2 3. A range of investment choices that is open to the
employee who chooses to participate in the defined contribution
retirement plan;

4
6 4. The procedure for an employee to change the employee's
contribution rate;

8 5. When the employee vests under the defined contribution
retirement plan;

10 6. Any limitations on in-service withdrawals or lump sum
12 payments from the defined contribution retirement plan; and

14 7. All forms or literature necessary to inform the new
employee of the employee's choice of coverage, the options under
16 that coverage and the consequences of that choice.

18 Rules adopted pursuant to this section are major substantive
rules pursuant to Title 5, chapter 375, subchapter II-A.

20

22

SUMMARY

24

26 Current law requires all state employees to participate in
the Maine State Retirement System. This bill gives employees
28 hired after January 1, 1999 the option of participating in either
the Maine State Retirement System or the United States Social
30 Security System. If an employee chooses to participate in social
security, the employee may make voluntary contributions to a plan
administered by the Department of Labor and the State must match
32 the employee contributions, up to a maximum of 3% of the
employee's pay. The Department of Labor is required to adopt
34 rules to implement the procedures for selecting coverage.