

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 1259


H.P. 916

House of Representatives, February 27, 1997

**Resolve, to Phase Out the Maine State Retirement System and Replace it  
with a System of Individual Retirement Accounts.**

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Reference to the Committee on Labor suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative GOODWIN of Pembroke.

2                   **Sec. 1. Preparing plan. Resolved:** That the Commissioner of  
Administrative and Financial Services shall prepare a plan to  
4 phase out the Maine State Retirement System, referred to in this  
resolve as the "retirement system."

6                   **1. Required provisions.** The plan must contain at least the  
following provisions.  
8

A. The plan must provide for the establishment of  
10 individual retirement accounts for state employees, teachers  
and employees of participating local districts.  
12

B. The plan must be developed in consultation with a  
14 representative of the retirement system, representatives of  
retired members of the retirement system, representatives of  
16 collective bargaining agents representing covered employees  
and representatives of participating local districts.  
18

C. The plan must consider the income tax implications for  
20 members of the retirement system.  
22

D. The plan must permit employees leaving covered services  
24 to roll over their retirement accounts without penalty into  
other pension systems, individual retirement accounts or  
26 other accounts subject to federal income tax deferral.  
28

E. The plan must provide for gradually phasing out the  
retirement system and transition provisions to ensure the  
28 protection of persons currently receiving retirement  
benefits and those who are currently members of the  
30 retirement system.  
32

F. The plan must provide that the State make contributions  
34 to an employee's individual retirement account that equal  
the contributions made by the employee; and be it further  
36

**Sec. 2. Submission of plan. Resolved:** That the commissioner  
38 shall submit the plan to the 118th Legislature by January 1, 1998.  
40

## 42                   SUMMARY

This resolve requires the Commissioner of Administrative and  
44 Financial Services to prepare a plan for the gradual phaseout of  
the Maine State Retirement System and its replacement with a  
46 system of individual retirement accounts that would be completely  
portable and would require the State to match the employee's  
48 contribution to the account.