

MAINE STATE LEGISLATURE

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R. G. S.

L.D. 2146

DATE: 3-23-98

(Filing No. H-1009)

**MAJORITY
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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1524, L.D. 2146, Bill, "An Act to Amend the Laws Concerning Participating Local Districts in the Maine State Retirement System"

Amend the bill in section 4 in that part designated "~~§18252-A.~~" in subsection 1 in paragraph A by striking out all of divisions (b) and (c) (page 2, lines 13 to 25 in L.D.) and inserting in their place the following:

'(b) An employee who elects under division (a) to be covered under a plan provided by the employer under section 18252-B may later elect to again become a member under the retirement system, unless to so elect would have the effect of requiring the employer, without the employer's agreement, to make an employer contribution to both the retirement system and the plan provided by the employer under section 18252-B.

'(c) An employee who elects under division (b) to again become a member of the retirement system may not pay contributions or pick-up contributions or receive service credit for the period during which the employee elected not to be a member under the retirement system. The employee may, in accordance with section 18304, repay contributions withdrawn under division (a) and may, as permitted under other relevant retirement system law, rule and policy, repay other refunded contributions.'

Further amend the bill in section 4 in that part designated "~~§18252-A.~~" in subsection 1 in paragraph B by striking out all of the first 5 lines (page 3, lines 14 to 18 in L.D.) and inserting in their place the following:

COMMITTEE AMENDMENT

2 'B. An employee of the participating local district who is
4 a member under the retirement system on the date on which
6 the employer provides a plan under section 18252-B may elect
8 to remain a member under the retirement system or to become
10 covered under a plan provided by the employer under section
12 18252-B.'

10 Further amend the bill in section 4 in that part designated
12 "§18252-A." in subsection 1 in paragraph B in subparagraph (2) by
14 striking out all of division (b) (page 3, lines 41 to 48 in L.D.)
16 and inserting in its place the following:

14 '(b) An employee who rejoins the retirement system
16 under this subparagraph may not pay contributions or
18 pick-up contributions or receive service credit for the
20 period during which the employee elected not to be a
22 member under the retirement system. The employee may,
24 in accordance with section 18304, repay contributions
26 refunded under subparagraph (1), unless to so elect
28 would have the effect of requiring the employer,
30 without the employer's agreement, to make an employer
32 contribution to both the retirement system and the plan
34 provided by the employer under section 18252-B.'

26 Further amend the bill in section 4 in that part designated
28 "§18252-B." by striking out all of subsections 1 to 3 and
30 inserting in their place the following:

30 '1. Internal Revenue Code. The plan must meet the
32 requirements of United States Internal Revenue Code, Section
34 401(a) for defined contribution plans or United States Internal
36 Revenue Code, Section 457 for deferred compensation plans, or
38 both.

36 2. Employer contribution. The employer must contribute as
38 a percentage of compensation on behalf of each employee in each
40 pay period an amount not less than the employer would be required
42 to pay if the employee were covered under the United State Social
44 Security Act, not including the Medicare portion of the payment,
46 consistent with applicable contribution limits of federal law.

42 3. Employee contribution. The employee must contribute as
44 a percentage of compensation in each pay period an amount not
46 less than the employee would have been required to contribute had
48 the employee been a member under the retirement system under the
50 so-called "Regular Plan A" of the consolidated plan for
52 participating local districts, consistent with applicable
54 contribution limits of federal law.'

2 Further amend the bill in section 4 in that part designated
4 "§18252-B." by striking out all of subsections 5 and 6 and
inserting in their place the following:

6 '5. Disability benefits. For employees who become covered
8 under the plan, the employer must provide a disability benefit
10 program, the cost of which must be paid by the employer. At a
12 minimum, that program must establish eligibility criteria,
provide coverage for physical and mental disabilities and provide
a level of benefits at least equal to 60% of the employee's
annual compensation.

14 6. Change or termination of plan. Except with respect to
16 current employees covered under the plan and with respect to
18 persons receiving benefits under the plan, the employer may
20 change or terminate the plan at any time, to the extent that
change or termination is not prohibited by other law. The
employer may allow current employees covered under the plan the
choice to instead be covered under the changed plan.

22 A. Section 18252-A, subsection 1, paragraph A applies to an
24 employee hired or rehired by the employer after the employer
changes the plan.

26 B. If, after plan termination, the employer no longer
28 provides a plan under this section, an employee hired or
rehired after termination of the plan must be a member under
the retirement system.

30 C. Section 18252-A, subsection 1, paragraph B applies to an
32 employee who is a member under the retirement system at the
34 time of the change, except that an employee who has
36 previously exhausted the elections available under section
38 18252-A, subsection 1, paragraph B and who elects to be
covered under the plan provided by the employer under this
subsection may not later become a member under the
retirement system while employed by the same participating
local district.'

40 Further amend the bill by inserting at the end before the
42 summary the following:

44 **FISCAL NOTE**

46 The additional costs associated with processing membership
48 changes for employees of participating local districts can be
absorbed by the Maine State Retirement System utilizing existing
50 budgeted resources.'

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SUMMARY

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6 This amendment makes several technical changes in the bill
8 that were recommended by the Participating Local District
10 Advisory Committee regarding the election of PLD employees to
12 participate in a defined contribution or deferred contribution
14 plan. The amendment also revises the requirements for a
disability benefit program that the employer is required to offer
and clarifies that the employer is required to pay the cost of
the disability plan.

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The amendment also adds a fiscal note to the bill.