

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)



119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1448

S.P. 488

In Senate, February 23, 1999

An Act to Eliminate the Legislative Retirement 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 HARRIMAN of Cumberland.

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

4 **Sec. 1. 3 MRSA §702**, as enacted by PL 1985, c. 507, §1, is amended to read:

6 **§702. Name; purpose**

8 There is established the Maine Legislative Retirement System, which ~~shall--have~~ has the powers and privileges of a corporation.

12 The purpose of the Maine Legislative Retirement System is to provide retirement allowances and other benefits under this chapter for Legislators who are members of the Maine Legislative Retirement System, as provided in section 872, subsection 1.

16 **Sec. 2. 3 MRSA §755, sub-§1**, as enacted by PL 1985, c. 507, §1, is amended to read:

20 **1. Findings.** The Legislature finds that the State owes a great debt to its retired Legislators for their years of faithful and productive service. Part of that debt is repaid by the benefits provided to Legislators through the Maine Legislative Retirement System. The Legislature further finds that continued accrual of benefits after December 31, 1999 is an unnecessary expense and is inconsistent with legislative term limits and the concept of a citizen legislature. Accrual of benefits after December 31, 1999 is appropriate only for Legislators who are vested in the Maine Legislative Retirement System on December 31, 1999.

32 **Sec. 3. 3 MRSA §801, sub-§1**, as amended by PL 1989, c. 133, §7, is further amended to read:

34 **1. Membership mandatory.** Every Legislator serving in the Legislature on or after December 3, 1986, ~~shall-be~~ is a member of the Maine Legislative Retirement System, except that any Legislator who is a member of the Maine State Retirement System on December 2, 1986, may continue to be a member of that system instead of becoming a member of the Maine Legislative Retirement System, and any Legislator who is a public school teacher or an employee of the ~~Vocational-Technical--Institute~~ Maine Technical College System on leave of absence ~~shall-continue~~ continues to be a member of the Maine State Retirement System and to have contributions deducted from the member's legislative salary as provided by Title 5, section 17701. A Legislator who is the recipient of a retirement allowance from the Maine State Retirement System ~~shall--become~~ becomes a member of the Maine Legislative Retirement System, but ~~no~~ creditable service granted under the Maine State Retirement System ~~shall~~ may not be transferred to the Maine Legislative Retirement System. A member ~~shall- cease~~ ceases to be a member when the member withdraws the

2 member's contributions, becomes a beneficiary as a result of the
3 member's own retirement or dies. Notwithstanding this
4 subsection, a Legislator may not become or remain a member of the
5 Maine Legislative Retirement System or, except as provided in
6 section 872, subsection 3, earn creditable service under the
7 Maine State Retirement System while serving in the Legislature
8 after December 31, 1999 unless that Legislator is a member of the
9 Maine Legislative Retirement System on December 31, 1999, as
10 provided in section 872, subsection 1.

11 **Sec. 4. 3 MRSA §802, sub-§3,** as enacted by PL 1985, c. 507,
12 §1, is amended to read:

13 **3. Disability retirement.** The period following the
14 termination of service and prior to January 1, 2000 for which a
15 beneficiary receives disability retirement allowance payments
16 under section 853 ~~shall be~~ is allowed as membership service. The
17 period following the termination of service and after December
18 31, 1999 for which a beneficiary receives disability retirement
19 allowance payments under section 853 is allowed as membership
20 service only if the beneficiary is a member of the Maine
21 Legislative Retirement System, as provided in section 872,
22 subsection 1.

23 **Sec. 5. 3 MRSA §805,** as amended by PL 1997, c. 651, §1, is
24 further amended to read:

25 **§805. Return of accumulated contributions**

26 **1. Refund of contributions.** Following termination of
27 service, except by death or retirement under this chapter or
28 after December 31, 1999 if a Legislator's membership is
29 terminated on that date under section 801, subsection 1, a
30 member, --upon--application--to--the--Maine--Legislative--Retirement
31 System, --shall must be paid the amount of his member's accumulated
32 contributions to the system, ~~if any~~ upon application to the Maine
33 Legislative Retirement System.

34 **B. Payment For Legislators or former Legislators seeking a**
35 refund of accumulated contributions, payment must be made
36 upon application and upon termination of service and in not
37 less than 22 days and not more than 60 days after receipt of
38 the application and or receipt of the last payroll upon from
39 which the name of the member appears contributions to the
40 Maine Legislative Retirement System were taken, whichever
41 occurs later.

2 3. Certain former state employees and legislative members
3 of Maine State Retirement System. A Legislator who was a member
4 of the Maine State Retirement System on December 2, 1986 and who
5 remains a member on December 31, 1999 may continue to be a member
6 of the Maine State Retirement System.

7 4. Voluntary participation. Subsections 1 to 3 do not
8 prohibit a Legislator who is not required to participate in
9 either the 401(a) plan or the 457 plan from voluntarily
10 participating in either one or both.

11 5. Waiver. A Legislator may petition that Legislator's
12 presiding officer for a waiver from the participation provisions
13 of this section if the Legislator can demonstrate that
14 participation in either the 401(a) plan or the 457 plan will
15 create or exacerbate that Legislator's federal income tax
16 liability due to the ownership of another retirement plan. The
17 Office of the Executive Director of the Legislative Council shall
18 provide assistance as requested by the Legislator or presiding
19 officer. The presiding officer shall respond to the Legislator's
20 petition within 30 days and shall provide copies of the decision
21 to the Executive Director of the Legislative Council and the
22 Executive Director of the Maine State Retirement System. Unless
23 a waiver is granted under this subsection or under section 801,
24 subsection 1-A, a Legislator shall participate in the Maine
25 Legislative Retirement System under chapter 29 or the defined
26 contribution plan or the deferred compensation plan under this
27 chapter.

28 **§873. Contributions**

29 1. Legislator contributions. A Legislator may participate
30 in the 401(a) plan or the 457 plan, or both, by making
31 contributions as provided in this section. A Legislator
32 participating in the 401(a) plan must contribute through payroll
33 deduction to the plan at a rate of at least 7.5% of legislative
34 compensation annually. A Legislator participating in the 457
35 plan only must contribute at least 7.5% of legislative
36 compensation annually. Other amounts may be contributed to the
37 401(a) plan or 457 plan as provided by federal law.

38 2. Employer contributions. The Legislature shall
39 contribute annually through payroll deduction to the retirement
40 plan option or options elected by the Legislator at the same rate
41 as the Legislator contributes up to a total contribution rate
42 that may not exceed the contribution rate then assessed to
43 employers under the United States Social Security Act.

44 **§874. Exercising retirement options**

45 Any options provided under this chapter must be exercised by
46 the Legislator within 30 days of the effective date of this
47 chapter.

chapter or of being sworn into office, whichever occurs later.
An option once exercised may not be changed during the
legislative biennium. For Legislators not participating in the
Maine Legislative Retirement System under chapter 29, failure to
select either the 401(a) plan or the 457 plan or to obtain a
waiver under section 872, subsection 5 is considered to be
selection of the 457 plan.

**§875. Reports from Executive Director of the Legislative
Council**

The Executive Director of the Legislative Council shall
submit reports on the employment, compensation and participation
of Legislators in legislative retirement plans to the Board of
Trustees of the Maine State Retirement System as required by the
board. The Maine State Retirement System shall work with the
Executive Director of the Legislative Council to provide
information to Legislators regarding the options and effects of
participation in the legislative retirement plans provided in
this chapter.

Sec. 7. Repeal. The Maine Legislative Retirement System shall
submit legislation to repeal the Maine Revised Statutes, Title 3,
chapter 29 as soon as practicable after all liabilities of the
system have been discharged.

Sec. 8. Savings used to pay off unfunded liability. As determined
by the Maine State Retirement System's actuary and approved by
the Board of Trustees of the Maine State Retirement System, any
surplus assets of the Maine Legislative Retirement System
resulting from implementation of this Act must be transferred to
the Maine State Retirement System and applied toward the payment
of the unfunded liability of the Maine State Retirement System
that is attributable to state employees and teachers.

SUMMARY

This bill limits continued membership in the Maine
Legislative Retirement System after December 31, 1999 to
Legislators who are vested as of that date. The benefits of
former Legislators or their beneficiaries who are currently
receiving a retirement allowance or of Legislators who are
receiving a disability retirement allowance are not affected by
this bill. Accrued benefits of former and current Legislators
who are vested as of December 31, 1999 and, therefore, are
eligible to receive a retirement benefit at some point in the
future are not affected and these Legislators can continue to
accrue service credit for future legislative service.

The Board of Trustees of the Maine Legislative Retirement
System will continue to oversee the administration of the Maine

2 Legislative Retirement System. Once all of the liabilities of
the system have been discharged, the system is required to submit
4 legislation to repeal the Maine Revised Statutes, Title 3,
chapter 29.

6 After December 31, 1999, current Legislators who do not
remain members of the Maine Legislative Retirement System and
8 future Legislators must join either a 401(a) deferred
compensation plan or a 457 defined contribution plan or both.
10 The plans are administrated by the Maine State Retirement
System. Any gains realized by the Maine State Retirement System
12 as a result of this bill must be used to reduce the unfunded
liability of the Maine State Retirement System attributable to
14 state employees and teachers.

16 Legislators must contribute at least 7.5% of their
compensation to one of the plans. Additional contributions above
18 that level are subject to federal law. The State will contribute
to the plans on behalf of Legislators at the same rate as
20 Legislators up to the contribution rate for employers under the
United States Social Security Act.