

MAINE STATE LEGISLATURE

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AMS

L.D. 1790

DATE: 4/8/2000

(Filing No. S-684)

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STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 625, L.D. 1790, Bill, "An Act to Amend the Laws Governing the Designation of a Beneficiary of Maine State Retirement System Benefits"

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

Sec. 1. 4 MRSA §1357, sub-§2, as amended by PL 1983, c. 863, Pt. B, §§35 and 45, is repealed and the following enacted in its place:

2. Optional methods of payment. In lieu of payment under subsection 1, a qualifying member may elect to receive a regular retirement allowance under one of the options set out in this subsection. The optional allowance is a reduced allowance computed actuarially on the basis of the option selected.

The qualifying member may elect one of the options by written request to and approval of the executive director prior to the commencement of payment of a regular retirement allowance. The election may be revoked by written notice to the executive director at any time before the regular retirement allowance commences.

For the purposes of this subsection, "qualifying member" means a member or a former member who is receiving a disability retirement benefit.

COMMITTEE AMENDMENT

2 A. Under Option 1, the qualifying member may elect to have
3 a reduced retirement benefit paid to the qualifying member
4 while alive and at the qualifying member's death to have the
5 excess, if any, of the qualifying member's accumulated
6 contributions at the time of retirement over the portion of
7 the total retirement benefit payments actually made to the
8 qualifying member while alive, which is the actuarial
9 equivalent of the accumulated contributions, paid in a lump
10 sum to the beneficiary that the qualifying member has
11 nominated by written designation duly notarized and filed
12 with the executive director or, if no one has been nominated
13 as beneficiary, to the qualifying member's estate.

14 B. Under Option 2, the qualifying member may elect to have
15 a reduced retirement benefit payable to the qualifying
16 member while alive and at the qualifying member's death to
17 have the benefit continued in the same amount for the life
18 of the beneficiary that the qualifying member has nominated
19 by written designation duly notarized and filed with the
20 executive director at the time of retirement, if the
21 beneficiary survives the qualifying member.

22 C. Under Option 3, the qualifying member may elect to have
23 a reduced retirement benefit payable to the qualifying
24 member while alive and at the qualifying member's death to
25 have the benefit continued at 1/2 the amount for the life of
26 the beneficiary that the qualifying member has nominated by
27 written designation duly acknowledged and filed with the
28 executive director at the time of retirement, if the
29 beneficiary survives the qualifying member.

30 D. Under Option 4, the qualifying member may elect to have
31 a reduced retirement benefit payable to the qualifying
32 member while alive and at the qualifying member's death to
33 have some benefit other than that available under paragraphs
34 B or C payable to the beneficiary that the qualifying member
35 has designated, if the beneficiary survives the qualifying
36 member. The total value of the benefit paid to the
37 qualifying member during the qualifying member's life plus
38 the benefit paid after the qualifying member's death is the
39 actuarial equivalent of the benefit that the qualifying
40 member would have received without optional modification.
41 The method used to determine the benefit must be approved by
42 the board, and the beneficiary must be designated by written
43 designation, duly notarized and filed with the executive
44 director on a form provided or specified by the Maine
45 Judicial Retirement System.

46 E. Under Option 5, the qualifying member may elect to have
47 a reduced retirement benefit payable in part to the
48 beneficiary that the qualifying member has nominated by written
49 designation duly notarized and filed with the executive
50 director on a form provided or specified by the Maine

2 qualifying member and in part to the beneficiary, who must
3 be the sole beneficiary, while both are alive and, at the
4 death of either, to have the higher benefit paid to the
5 survivor for the survivor's life. The total value of the
6 benefit paid to the qualifying member and beneficiary,
7 during the qualifying member's life, plus the benefit to be
8 paid after the death of either is the actuarial equivalent
9 of the benefit that the qualifying member would have
10 received without optional modification. The method used to
11 determine the benefit must be approved by the board, and the
12 beneficiary must be designated by written designation, duly
13 notarized and filed with the executive director on a form
14 provided or specified by the Maine Judicial Retirement
15 System.

16 F. Under Option 6, the qualifying member may elect to have
17 a reduced retirement benefit payable to the qualifying
18 member while alive and, at the qualifying member's death, to
19 have the benefit continued in the same amount for the life
20 of the beneficiary, who must be the sole beneficiary, that
21 the qualifying member has designated by written designation,
22 duly notarized and filed with the executive director on a
23 form provided or specified by the Maine Judicial Retirement
24 System, if the beneficiary survives the qualifying member.
25 If the qualifying member's beneficiary predeceases the
26 qualifying member, the qualifying member's benefit must be
27 changed, effective the first day of the month following the
28 date of the beneficiary's death, to be the actuarial
29 equivalent of the benefit that the qualifying member would
30 have received without optional modification. The reduced
31 retirement benefit must be actuarially calculated to reflect
32 the fact that the benefit may be changed to the larger
33 amount should the beneficiary predecease the member.

34 G. Under Option 7, the qualifying member may elect to have
35 a reduced retirement benefit payable to the qualifying
36 member while alive and, at the qualifying member's death, to
37 have the benefit continued at 1/2 that amount for the life
38 of the beneficiary, who must be the sole beneficiary, that
39 the qualifying member has designated by written designation,
40 duly notarized and filed with the executive director on a
41 form provided or specified by the Maine Judicial Retirement
42 System, if the beneficiary survives the qualifying member.
43 If the qualifying member's beneficiary predeceases the
44 qualifying member, the qualifying member's benefit must be
45 changed, effective the first day of the month following the
46 date of the beneficiary's death, to the actuarial equivalent
47 of the benefit that the qualifying member would have
48 received without optional modification. The reduced
49 retirement benefit must be actuarially calculated to reflect
50

2 the fact that the benefit may be changed to the larger
amount should the beneficiary predecease the member.

4 H. Under Option 8, the qualifying member may elect to have
a reduced retirement benefit payable to the qualifying
6 member while alive and, at the qualifying member's death, to
have some benefit other than that available under paragraph
8 B or C payable to the beneficiary that the member has
designated, if the beneficiary survives the qualifying
10 member. The total value of the benefit paid to the
qualifying member plus the benefit paid after the qualifying
12 member's death is the actuarial equivalent of the benefit
that the qualifying member would have received without
14 optional modification. If the qualifying member's
beneficiary predeceases the qualifying member, the
16 qualifying member's benefit must be changed, effective the
first day of the month following the date of the
18 beneficiary's death, to be the actuarial equivalent of the
benefit that the qualifying member would have received
20 without optional modification. The reduced retirement
benefit must be actuarially calculated to reflect the fact
22 that the benefit may be changed to the larger amount should
the beneficiary predecease the member.

24 **Sec. 2. 4 MRSA §1357, sub-§§3 and 4** are enacted to read:

26 **3. One-time change of beneficiary.** If the recipient of a
28 service retirement benefit has elected an optional method of
payment under subsection 2, paragraphs B to H, and has designated
30 someone other than a spouse or ex-spouse as sole beneficiary, the
recipient is permitted a one-time change in the designated
32 beneficiary, but not in the already elected payment option, by
filing a written designation of the new beneficiary, duly
34 notarized, with the executive director on a form provided or
specified by the Maine Judicial Retirement System. The change of
36 beneficiary permitted by this subsection may only be made prior
to the death of the prior designated beneficiary.

38 A. The benefit payable to the recipient and the new
40 beneficiary must be paid under the same payment option, and
the amount must be the actuarial equivalent, at the date of
42 the beginning of payments under this section, of the amount
of the reduced retirement benefit that the recipient has
44 been receiving, or that the recipient and the prior
beneficiary have been receiving under subsection 2,
46 paragraph E.

48 B. The effective date of the designation of the new
beneficiary is the date the designation is received by the
50 executive director. The reduced retirement benefit must be

2 adjusted on the first day of the month following the
3 effective date of the designation of the new beneficiary
4 and, if concurrent payment under subsection 2, paragraph E
5 has been elected, the new beneficiary's benefit must become
6 effective on the same date.

7 **4. Notice to spouse.** A qualifying member who is married on
8 the effective date of retirement, who elects the method of
9 payment under subsection 1 and is not covered by the automatic
10 spousal benefits provisions in that subsection, or who elects a
11 method of payment other than that provided under subsection 1 and
12 who designates a beneficiary other than the qualifying member's
13 spouse must notify the spouse that the spouse is not the
14 beneficiary. Proof that the spouse has been notified must be
15 provided:

16 A. By written certification of the spouse, duly notarized,
17 on a form provided or specified by the Maine Judicial
18 Retirement System indicating that notice has been received
19 from the qualifying member; or

20 B. When notice has been given, but certification by the
21 spouse has not been provided, by written certification of
22 the qualifying member, duly notarized, on a form provided or
23 specified by the Maine Judicial Retirement System indicating
24 that notice has been given to the spouse.

25 Payment of the qualifying member's service benefit may not
26 commence until certification has been received by the executive
27 director.

28 **Sec. 3. 4 MRSA §1360, first ¶,** as enacted by PL 1989, c. 133,
29 §35, is amended to read:

30 If a retiree who is the recipient of a reduced regular
31 retirement allowance under section 1357, subsection 2, paragraph
32 B, C or E remarries after the retiree's spouse dies, the
33 following provisions apply.

34 **Sec. 4. 4 MRSA §1360, sub-§1, ¶A,** as enacted by PL 1989, c.
35 133, §35, is amended to read:

36 A. The original spouse must have been the sole beneficiary
37 of the reduced retirement allowance under section 1357,
38 subsection 2, paragraph B, C or E; and

39 **Sec. 5. 4 MRSA §1361, first ¶,** as enacted by PL 1997, c. 55,
40 §2, is amended to read:

41 If a retiree who is the recipient of a reduced regular

2 retirement allowance under section 1357, subsection 2, paragraph
B, C ~~or~~, D or E is granted a divorce either after retirement or
4 before a retirement beneficiary is named, subsections 1 to 4
apply.

6 **Sec. 6. 4 MRSA §1361, sub-§1, ¶A**, as enacted by PL 1997, c.
55, §2, is amended to read:

8
10 A. The spouse or former spouse who was originally named as
12 retirement beneficiary must have been the sole beneficiary
of the reduced retirement benefit under section 1357,
subsection 2, paragraph B, C ~~or~~, D or E; and

14 **Sec. 7. 5 MRSA §17804, sub-§5**, as amended by PL 1987, c. 256,
16 §10, is repealed.

18 **Sec. 8. 5 MRSA §17804, sub-§§5-A to 5-F** are enacted to read:

20 5-A. Option 4. The qualifying member may elect to have a
22 reduced retirement benefit payable to the qualifying member while
24 alive and at the qualifying member's death to have some benefit
26 other than that available under subsection 3 or 4 payable to the
28 beneficiary that the qualifying member has designated, if the
30 beneficiary survives the qualifying member. The total value of
32 the benefit paid to the qualifying member during the qualifying
member's life plus the benefit paid after the qualifying member's
death is the actuarial equivalent of the benefit that the
qualifying member would have received without optional
modification. The method used to determine the benefit must be
approved by the board, and the beneficiary must be designated by
written designation, duly notarized and filed with the executive
director on a form provided or specified by the retirement system.

34 5-B. Option 5. The qualifying member may elect to have a
36 reduced retirement benefit payable in part to the qualifying
38 member and in part to the beneficiary, who must be the sole
40 beneficiary, while both are alive and, at the death of either, to
42 have the higher benefit paid to the survivor for the survivor's
44 life. The total value of the benefit paid to the qualifying
46 member and beneficiary, during the qualifying member's life, plus
48 the benefit to be paid after the death of either is the actuarial
equivalent of the benefit that the qualifying member would have
received without optional modification. The method used to
determine the benefit must be approved by the board, and the
beneficiary must be designated by written designation, duly
notarized and filed with the executive director on a form
provided or specified by the retirement system.

50 5-C. Option 6. The qualifying member may elect to have a
reduced retirement benefit payable to the qualifying member while

2 alive and, at the qualifying member's death, to have the benefit
4 continued in the same amount for the life of the beneficiary, who
6 must be the sole beneficiary, that the qualifying member has
8 designated by written designation, duly notarized and filed with
10 the executive director on a form provided or specified by the
12 retirement system, if the beneficiary survives the qualifying
14 member. If the qualifying member's beneficiary predeceases the
16 qualifying member, the qualifying member's benefit must be
18 changed, effective the first day of the month following the date
20 of the beneficiary's death, to be the actuarial equivalent of the
22 benefit that the qualifying member would have received without
24 optional modification. The reduced retirement benefit must be
26 actuarially calculated to reflect the fact that the benefit may
28 be changed to the larger amount should the beneficiary predecease
30 the member.

18 5-D. Option 7. The qualifying member may elect to have a
20 reduced retirement benefit payable to the qualifying member while
22 alive and, at the qualifying member's death, to have the benefit
24 continued at 1/2 that amount for the life of the beneficiary, who
26 must be the sole beneficiary, that the qualifying member has
28 designated by written designation, duly notarized and filed with
30 the executive director on a form provided or specified by the
32 retirement system, if the beneficiary survives the qualifying
34 member. If the qualifying member's beneficiary predeceases the
36 qualifying member, the qualifying member's benefit must be
38 changed, effective the first day of the month following the date
40 of the beneficiary's death, to the actuarial equivalent of the
42 benefit that the qualifying member would have received without
44 optional modification. The reduced retirement benefit must be
46 actuarially calculated to reflect the fact that the benefit may
48 be changed to the larger amount should the beneficiary predecease
50 the member.

36 5-E. Option 8. The qualifying member may elect to have a
38 reduced retirement benefit payable to the qualifying member while
40 alive and at the qualifying member's death to have some benefit
42 other than that available under subsection 3 or 4 payable to the
44 beneficiary that the member has designated, if the beneficiary
46 survives the qualifying member. The total value of the benefit
48 paid to the qualifying member plus the benefit paid after the
50 qualifying member's death is the actuarial equivalent of the
benefit that the qualifying member would have received without
optional modification. If the qualifying member's beneficiary
predeceases the qualifying member, the qualifying member's
benefit must be changed, effective the first day of the month
following the date of the beneficiary's death, to be the
actuarial equivalent of the benefit that the qualifying member
would have received without optional modification. The reduced
retirement benefit must be actuarially calculated to reflect the

2 fact that the benefit may be changed to the larger amount should
3 the beneficiary predecease the member.

4 5-F. One-time change of beneficiary. If the recipient of a
5 service retirement benefit has elected an optional method of
6 payment under subsection 3, 4, 5-A, 5-B, 5-C, 5-D or 5-E, and has
7 designated someone other than a spouse or ex-spouse as sole
8 beneficiary, the recipient is permitted a one-time change in the
9 designated beneficiary, but not in the already elected payment
10 option, by filing a written designation of the new beneficiary,
11 duly notarized, with the executive director on a form provided or
12 specified by the retirement system. The change of beneficiary
13 permitted by this subsection may only be made prior to the death
14 of the prior designated beneficiary.

16 A. The benefit payable to the recipient and the new
17 beneficiary must be paid under the same payment option and
18 the amount must be the actuarial equivalent, at the date of
19 the beginning of payments under this section, of the amount
20 of the reduced retirement benefit that the recipient has
21 been receiving, or that the recipient and the prior
22 beneficiary have been receiving under subsection 5-B.

24 B. The effective date of the designation of the new
25 beneficiary is the date the designation is received by the
26 executive director. The reduced retirement benefit must be
27 adjusted on the first day of the month following the
28 effective date of the designation of the new beneficiary
29 and, if concurrent payment under subsection 5-B has been
30 elected, the new beneficiary's benefit must become effective
31 on the same date.

32 **Sec. 9. 5 MRSA §17804, sub-§7 is enacted to read:**

34 7. Notice to spouse. A qualifying member who is married on
35 the effective date of retirement, who elects the method of
36 payment under subsection 1 or who elects a method of payment
37 other than that provided under subsection 1 and who designates a
38 beneficiary other than the qualifying member's spouse must notify
39 the spouse that the spouse is not the beneficiary. Proof that
40 the spouse has been notified must be provided;

42 A. By written certification of the spouse, duly notarized,
43 on a form provided or specified by the retirement system
44 indicating that notice has been received from the qualifying
45 member; or

48 B. When notice has been given but certification by the
49 spouse has not been provided, by written certification of
50 the qualifying member, duly notarized, on a form provided or

2 specified by the retirement system indicating that notice
3 has been given to the spouse.

4 Payment of the qualifying member's service benefit may not
5 commence until certification has been received by the executive
6 director.

8 **Sec. 10. 5 MRSA §17805, sub-§1, ¶A**, as amended by PL 1987, c.
9 612, §1, is further amended to read:

10 A. The original spouse must have been the sole beneficiary
11 of the reduced retirement benefit under section 17804,
12 subsection 3, 4 ~~or~~ 5, 5-A or 5-B; and

13 **Sec. 11. 5 MRSA §17805-A, first ¶**, as amended by PL 1995, c.
14 604, §2, is further amended to read:

15 If the recipient of a reduced service retirement benefit
16 under section 17804, subsection 3, 4 ~~or~~ 5, 5-A or 5-B is granted
17 a divorce either after retirement or before a retirement
18 beneficiary is named the following provisions apply.

19 **Sec. 12. 5 MRSA §18404, sub-§5**, as amended by PL 1987, c. 256,
20 §33, is repealed.

21 **Sec. 13. 5 MRSA §18404, sub-§5-A to 5-F** are enacted to read:

22 **5-A. Option 4.** The qualifying member may elect to have a
23 reduced retirement benefit payable to the qualifying member while
24 alive and at the qualifying member's death to have some benefit
25 other than that available under subsection 3 or 4 payable to the
26 beneficiary that the qualifying member has designated, if the
27 beneficiary survives the qualifying member. The total value of
28 the benefit paid to the qualifying member during the qualifying
29 member's life plus the benefit paid after the qualifying member's
30 death is the actuarial equivalent of the benefit that the
31 qualifying member would have received without optional
32 modification. The method used to determine the benefit must be
33 approved by the board, and the beneficiary must be designated by
34 written designation, duly notarized and filed with the executive
35 director on a form provided or specified by the retirement system.

36 **5-B. Option 5.** The qualifying member may elect to have a
37 reduced retirement benefit payable in part to the qualifying
38 member and in part to the beneficiary, who must be the sole
39 beneficiary, while both are alive and, at the death of either, to
40 have the higher benefit paid to the survivor for the survivor's
41 life. The total value of the benefit paid to the qualifying
42 member and beneficiary, during the qualifying member's life, plus
43 the benefit to be paid after the death of either is the actuarial
44 equivalent of the benefit that the qualifying member would have
45 received without optional modification. The method used to
46 determine the benefit must be approved by the board, and the
47 beneficiary must be designated by written designation, duly
48 notarized and filed with the executive director on a form
49 provided or specified by the retirement system.

2 equivalent of the benefit that the qualifying member would have
3 received without optional modification. The method used to
4 determine the benefit must be approved by the board, and the
5 beneficiary must be designated by written designation, duly
6 notarized and filed with the executive director on a form
7 provided or specified by the retirement system.

8 5-C. Option 6. The qualifying member may elect to have a
9 reduced retirement benefit payable to the qualifying member while
10 alive and, at the qualifying member's death, to have the benefit
11 continued in the same amount for the life of the beneficiary, who
12 must be the sole beneficiary, that the qualifying member has
13 designated by written designation, duly notarized and filed with
14 the executive director on a form provided or specified by the
15 retirement system, if the beneficiary survives the qualifying
16 member. If the qualifying member's beneficiary predeceases the
17 qualifying member, the qualifying member's benefit shall be
18 changed, effective the first day of the month following the date
19 of the beneficiary's death, to be the actuarial equivalent of the
20 benefit that the qualifying member would have received without
21 optional modification. The reduced retirement benefit must be
22 actuarially calculated to reflect the fact that the benefit may
23 be changed to the larger amount should the beneficiary predecease
24 the member.

25 5-D. Option 7. The qualifying member may elect to have a
26 reduced retirement benefit payable to the qualifying member while
27 alive and, at the qualifying member's death, to have the benefit
28 continued at 1/2 that amount for the life of the beneficiary, who
29 must be the sole beneficiary, that the qualifying member has
30 designated by written designation, duly notarized and filed with
31 the executive director on a form provided or specified by the
32 retirement system, if the beneficiary survives the qualifying
33 member. If the qualifying member's beneficiary predeceases the
34 qualifying member, the qualifying member's benefit must be
35 changed, effective the first day of the month following the date
36 of the beneficiary's death, to the actuarial equivalent of the
37 benefit that the qualifying member would have received without
38 optional modification. The reduced retirement benefit must be
39 actuarially calculated to reflect the fact that the benefit may
40 be changed to the larger amount should the beneficiary predecease
41 the member.

42 5-E. Option 8. The qualifying member may elect to have a
43 reduced retirement benefit payable to the qualifying member while
44 alive and at the qualifying member's death to have some benefit
45 other than that available under subsection 3 or 4 payable to the
46 beneficiary that the member has designated, if the beneficiary
47 survives the qualifying member. The total value of the benefit
48 paid to the qualifying member plus the benefit paid after the
49 member's death shall be the actuarial equivalent of the benefit
50 that the qualifying member would have received without optional
modification. The reduced retirement benefit must be actuarially
calculated to reflect the fact that the benefit may be changed to
the larger amount should the beneficiary predecease the member.

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2 qualifying member's death is the actuarial equivalent of the
3 benefit that the qualifying member would have received without
4 optional modification. If the qualifying member's beneficiary
5 predeceases the qualifying member, the qualifying member's
6 benefit must be changed, effective the first day of the month
7 following the date of the beneficiary's death, to be the
8 actuarial equivalent of the benefit that the qualifying member
9 would have received without optional modification. The reduced
10 retirement benefit must be actuarially calculated to reflect the
11 fact that the benefit may be changed to the larger amount should
12 the beneficiary predecease the member.

13 5-F. One-time change of beneficiary. If the recipient of a
14 service retirement benefit has elected an optional method of
15 payment under subsection 3, 4, 5-A, 5-B, 5-C, 5-D or 5-E, and has
16 designated someone other than a spouse or ex-spouse as sole
17 beneficiary, the recipient is permitted a one-time change in the
18 designated beneficiary, but not in the already elected payment
19 option, by filing a written designation of the new beneficiary,
20 duly notarized, with the executive director on a form provided or
21 specified by the retirement system. The change of beneficiary
22 permitted by this subsection may only be made prior to the death
23 of the prior designated beneficiary.

24 A. The benefit payable to the recipient and the new
25 beneficiary must be paid under the same payment option and
26 the amount must be the actuarial equivalent, at the date of
27 the beginning of payments under this section, of the amount
28 of the reduced retirement benefit that the recipient has
29 been receiving, or that the recipient and the prior
30 beneficiary have been receiving under subsection 5-B.

31 B. The effective date of the designation of the new
32 beneficiary is the date the designation is received by the
33 executive director. The reduced retirement benefit must be
34 adjusted on the first day of the month following the
35 effective date of the designation of the new beneficiary
36 and, if concurrent payment under subsection 5-B has been
37 elected, the new beneficiary's benefit must become effective
38 on the same date.

39 **Sec. 14. 5 MRSA §18404, sub-§7 is enacted to read:**

40 7. Notice to spouse. A qualifying member who is married on
41 the effective date of retirement, who elects the method of
42 payment under subsection 1, or who elects a method of payment
43 other than that provided under subsection 1 and who designates a
44 beneficiary other than the qualifying member's spouse must notify
45 the spouse that the spouse is not the beneficiary. Proof that
46 the spouse has been notified must be provided:

COMMITTEE AMENDMENT "A" to S.P. 625, L.D. 1790

2 A. By written certification of the spouse, duly notarized,
4 on a form provided or specified by the retirement system
 indicating that notice has been received from the qualifying
 member; or

6
8 B. When notice has been given but certification by the
 spouse has not been provided, by written certification of
10 the qualifying member, duly notarized, on a form provided or
 specified by the retirement system indicating that notice
 has been given to the spouse.

12
14 Payment of the qualifying member's service benefit may not
 commence until certification has been received by the executive
 director.

16 **Sec. 15. 5 MRSA §18405, first ¶**, as enacted by PL 1985, c. 801,
18 §§5 and 7, is amended to read:

20 If the recipient of a reduced service retirement benefit
22 under section 18404, subsection 3, 4 ~~ex-5~~, 5-A or 5-B remarries
 after the recipient's spouse dies, the following provisions apply.

24 **Sec. 16. 5 MRSA §18405-A, first ¶**, as enacted by PL 1995, c.
26 604, §5, is amended to read:

28 If the recipient of a reduced service retirement benefit
30 under section 18404, subsection 3, 4 ~~ex-5~~, 5-A or 5-B is granted
 a divorce either after retirement or before a retirement
 beneficiary is named, the following provisions apply.

32 **Sec. 17. Expenditures in excess of allocations.** Expenditures of
34 funds required by this Act other than the General Fund and the
 Highway Fund are authorized to exceed legislative allocations
36 during the fiscal year ending June 30, 2001. Appropriate
 adjustments to basic work programs facilitating these
38 expenditures in excess of allocations must be recommended by the
 State Budget Officer and approved by the Governor.

40 **Sec. 18. Adjustment of rates.** After consultation with the
42 Maine State Retirement System, the State Budget Officer shall
 adjust the normal cost component of the employer contribution
44 rates on the effective date of this Act to fully fund this Act on
 an actuarially sound basis.

46 **Sec. 19. Appropriation.** The following funds are appropriated
48 from the General Fund to carry out the purposes of this Act.

2000-01

COMMITTEE AMENDMENT "A" to S.P. 625, L.D. 1790

2 actual salaries, the funds resulting from
the application of the actuarially
4 established rate constitute appropriated
funds. The funds here specified constitute
6 estimates and not appropriated funds.

8 **DEPARTMENT OF EDUCATION**
TOTAL \$169,954

10 **TOTAL APPROPRIATIONS** \$229,043

12 **Sec. 20. Allocation.** The following funds are allocated from
14 the Highway Fund to carry out the purposes of this Act.

16 **2000-01**

18 **ADMINISTRATIVE AND FINANCIAL**
20 **SERVICES, DEPARTMENT OF**

22 **Salary Plan**

24 Personal Services \$21,889

26 Provides funds to be held in reserve in the
event that costs associated with the
28 increase in the normal cost component of the
employer contribution rate for retirement
30 costs related to allowing a retiree to make
a one-time change in beneficiary exceed the
amounts available for state departments and
32 agencies. Because the normal cost component
of the employer contribution rate for state
34 employees is actuarially established based
on projected salaries as a rate that must be
36 applied to actual salaries, the funds
resulting from the application of the
38 actuarially established rate constitute
appropriated funds. The funds here
40 specified constitute estimates and not
appropriated funds.'

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

46 **FISCAL NOTE**

48 **2000-01**

50

APPROPRIATIONS/ALLOCATIONS

2	General Fund	\$229,043
4	Highway Fund	21,889

6

8 Allowing a retiree to make a one-time change in beneficiary will increase the normal cost component of the employer retirement rate by an additional 0.02% of salaries for state employees and teachers, resulting in increased employer contributions to the Maine State Retirement System of \$302,088 in fiscal year 2000-01. Since this change is being made on a prospective basis, it will not increase the unfunded liability of the Maine State Retirement System and, as such, will not violate the Constitution of Maine, Article IX, Section 18-A, which prohibits the creation of unfunded liabilities except those that result from experience losses.

18

20 An additional General Fund appropriation of \$169,954 is included in fiscal year 2000-01 to fund the teachers' retirement portion. The estimated employer costs to the General Fund and Highway Fund for state employees are estimated to be \$59,089 and \$21,889, respectively, in fiscal year 2000-01. General Fund appropriations and Highway Fund allocations in these amounts are included to provide funds in the salary plan reserve accounts in the event that the increase in the employer retirement contribution rates and other personal services expenses exceed the allotments in General Fund and Highway Fund accounts in fiscal year 2000-01. The cost to accounts in other funds, estimated to be \$51,156 in fiscal year 2000-01, may require increased allotments to meet these additional personal services expenditures.

34 The additional costs associated with processing changes in beneficiaries will be absorbed by the Maine State Retirement System utilizing existing budgeted resources.'

SUMMARY

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42 This amendment replaces the bill to amend benefit options and notice requirements to spouses of retiring state employees and teachers. The amendment allows a one-time change of a retiree's beneficiary for retirement benefits without the permission of the beneficiary if the beneficiary is not the spouse or ex-spouse of the retiree. The amendment establishes 3 new retirement benefit options that allow a retiree in certain circumstances to have the retiree's reduced benefit restored to full benefits if the named beneficiary dies before the retiree. The amendment adds new language to authorize concurrent payments

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2 of retirement benefits to a retiree and a beneficiary during the
life of the retiree. The amendment also requires notice to a
4 member's spouse if the member elects a retirement option that
does not name the spouse as beneficiary. Finally, the amendment
6 applies the provisions of the amendment applying to state
employees and teachers to judges and employees of participating
8 local districts. The amendment also adds an appropriation
section, an allocation section and a fiscal note to the bill.