

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 1790

S.P. 625

In Senate, March 9, 1999

**An Act to Amend the Laws Governing the Designation of a Beneficiary  
of Maine State Retirement System Benefits.**

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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 MURRAY of Penobscot.

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

4 **Sec. 1. 3 MRSA §859**, as enacted by PL 1989, c. 133, §14, is amended to read:

6 **§859. Remarriage after retirement**

8 If a retiree who is the recipient of a reduced service retirement allowance under section 857 remarries after the retiree's spouse dies, the retiree may elect to have the reduced retirement benefit paid under the same option to the new spouse after the retiree's death instead of continuing the original reduced retirement allowance to the retiree during the retiree's lifetime, under the same basis as provided for members of the Maine State Retirement System by Title 5, section ~~17805~~ 17805-B.

16 **Sec. 2. 3 MRSA §860**, as enacted by PL 1997, c. 55, §1, is further amended to read:

20 **§860. Divorce**

22 If a retiree who is the recipient of a reduced service retirement allowance under section 857 is granted a divorce either after retirement or before a retirement beneficiary is named, the provisions of Title 5, section ~~17805-A~~ 17805-B apply on the same basis as for members of the Maine State Retirement System.

28 **Sec. 3. 5 MRSA §17805**, as amended by PL 1987, c. 612, §§1 to 6, is repealed.

32 **Sec. 4. 5 MRSA §17805-A**, as amended by PL 1995, c. 604, §§1 to 3, is repealed.

34 **Sec. 5. 5 MRSA §17805-B** is enacted to read:

36 **§17805-B. Change of beneficiary**

38 If the recipient of a reduced service retirement benefit under section 17804, subsection 3, 4 or 5 wishes to change the named beneficiary, the following provisions apply.

40 1. Election of benefit for different beneficiary. The recipient may elect to have the reduced retirement benefit paid under the same option to a different beneficiary under the following conditions.

42 A. The person who was originally named as retirement beneficiary must have been the sole beneficiary of the reduced retirement benefit under section 17804, subsection 3, 4 or 5.

2           B. Prior to changing the beneficiary, the executive  
4           director shall ensure that the person who was originally  
6           named as retirement beneficiary has been counseled by an  
8           employee of the retirement system regarding the financial  
          effect of losing rights as a beneficiary and has signed a  
          statement that the information has been received and  
          understood.

10           2. Time and manner of election. The recipient may elect to  
12           change the named beneficiary at any time by sending a written  
          request to the executive director.

14           3. Amount of benefit. The amount of the benefit payable  
16           under the option elected is the actuarial equivalent, at the date  
18           of the beginning of payment of benefits under this section, of  
20           the amount of reduced retirement benefit the recipient has been  
          receiving, plus the amount expected to be paid to the original  
          beneficiary after the recipient's death.

22           4. Effective date of coverage of new beneficiary. The  
24           effective date of the designation of the recipient's new  
26           beneficiary is the date the request is received. The recipient's  
          retirement benefit must be adjusted on the first day of the month  
          following the effective date of the new designation of  
          beneficiary.

## SUMMARY

30           Current law requires a recipient of reduced benefits under  
32           the Maine State Retirement System who remarries, either due to  
34           the death of the recipient's spouse or divorce, and who wants to  
36           change the beneficiary of survivor benefits to obtain the  
          permission of the ex-spouse, if living, or to have been remarried  
          for at least 6 months.

38           This bill removes the restrictions on who may be named as  
40           beneficiary, allowing the recipient to name anyone as a  
42           beneficiary. The bill continues the current requirement that the  
          original beneficiary be informed by the Maine State Retirement  
          System that the recipient is changing the beneficiary.