

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 1211

S.P. 373

In Senate, February 28, 2001

**An Act to Supplement Benefits for State Employees and Teachers whose  
Pensions are Subject to Reductions Enacted in 1993.**

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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 MILLS of Somerset.

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

4 **CONCEPT DRAFT**  
6 **SUMMARY**

8 This bill is a concept draft pursuant to Joint Rule 208.

10 The purpose of this bill is to create a new defined  
12 contribution plan as a supplemental benefit for those state  
14 employees and teachers who are in service under the Maine State  
16 Retirement System on or after January 1, 2001.

18 1. The new plan does not cover:

20 A. A member who was in service and had 10 years of  
22 creditable service on July 1, 1993;

24 B. A member covered by the 1998 Special Plan; or

26 C. A member covered by the plan for Maine State Police  
28 officers.

30 2. Contributions to the plan are calculated at the rate of  
32 2% of an employee's salary or wages earned after December 31,  
34 2000. The amount will be deducted from the employee's existing  
36 required contribution to the Maine State Retirement System but  
the employee's defined benefits under the Maine State Retirement  
System will not be diminished.

38 3. The added cost of maintaining the employee's defined  
40 benefits will be allocated to the employer's share of the pension  
42 contribution. For state employees, the added cost will be  
apportioned across the entire payroll for state employees covered  
under the Maine State Retirement System whether or not they are  
also covered by the new plan.

44 4. Amounts contributed to the plan are managed by the Maine  
46 State Retirement System for the benefit of each employee in a  
48 nonlapsing fund. Each employee's share of the fund is tax  
sheltered and portable as provided in Section 457 and other  
provisions of the Internal Revenue Code.

Each employee's accumulated contributions and net  
earnings are nonlapsing and may be withdrawn or rolled over in  
accordance with the Internal Revenue Code when the employee dies,  
retires or departs from state service. The employee will have a  
range of annuity options for payment of benefits to the employee  
or the employee's spouse.