

MAINE STATE LEGISLATURE

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L.D. 1255

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DATE: 5-14-01

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 941, L.D. 1255, Bill, "An Act to Expand Retirement Benefits for State Employees and Teachers Returning to Service"

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

Sec. 1. 5 MRSA §17855, as amended by PL 1997, c. 769, §18, is repealed.

Sec. 2. 5 MRSA §17587, sub-§2, ¶B, as amended by PL 1997, c. 769, §19, is further amended to read:

B. A person who retires under a special plan and is later restored to service ~~under section 17855~~ in a position not under a special plan may earn service credit for additional service retirement benefits.

(1) Upon subsequent retirement, the part of the member's service retirement benefit based upon membership service before the member's initial retirement must be computed according to the formula for computing benefits under the special plan that the member was under previously.

(2) The part of the member's benefit based upon membership service after being restored to service must be computed in accordance with section 17852, subsection 1.

Sec. 3. 5 MRSA §17858-A, as corrected by RR 1997, c. 2, §21, is amended to read:

COMMITTEE AMENDMENT

2 **§17858-A. Retirement incentive option**

4 Any state employee, as defined in section 17001, subsection
6 40, having reached normal retirement age who retires on or after
8 October 30, 1991 and who is restored to service ~~is not subject,
for up to 3 years, to the earnings limitations set forth in
section 17855.~~ Any such person is entitled to all benefits that
10 the person was entitled to at the time of termination by
12 collective bargaining agreements or civil service laws and
14 rules. The retired state employee's salary must be 70% of the
16 employee's salary at the time of termination. The retired state
18 employee is not a member of the retirement system and therefore
20 may not accrue additional creditable service and is not entitled
22 to any other benefits that accrue to an active member of the
24 retirement system. For any state employee who has reached normal
26 retirement age on or before October 30, 1991, the option
established in this section must be selected by the state
employee by January 31, 1992. For all other state employees for
fiscal years 1991-92, 1992-93 and 1993-94 only, the option
established in this section must be selected by the state
employee within 3 months of July 1, 1993. For any employee
selecting this option after June 30, 1993, the portion of the
employer contribution that goes to pay for the unfunded
liability, retiree health care and administrative costs must be
continued and based on the retired state employee's salary at the
time of termination.

28 **Sec. 4. 20-A MRSA §12722, sub-§3,** as amended by PL 1999, c.
30 614, §1, is further amended to read:

32 **3. Maine State Retirement System members.** An eligible
34 person who becomes a participant in the defined contribution plan
36 offered by the board of trustees and who is a member of the Maine
38 State Retirement System at the time participation in the defined
40 contribution plan begins may apply for a refund of accumulated
42 contributions from the Maine State Retirement System pursuant to
44 Title 5, section 17705, except that any such person who has less
46 than the number of years of creditable service required to be
48 eligible for a Maine State Retirement System benefit as of the
50 date specified in the notification in subsection 2, paragraph A
or the date of hire pursuant to subsection 2, paragraph B shall
apply for a refund of accumulated contributions. Participation
in the defined contribution plan offered by the board of trustees
pursuant to this section is considered a termination of service
for purposes of Title 5, section 17705 as of the date specified
in the notification in subsection 2, paragraph A or the date of
hire pursuant to subsection 2, paragraph B, except that, if an
application is made for refund of accumulated contributions under
an election pursuant to subsection 2, paragraph A, payment must

2 be made no later than 90 days after receipt of the application by
3 the Maine State Retirement System. Service rendered while a
4 participant in the defined contribution plan offered by the board
5 of trustees does not constitute service for a Maine State
6 Retirement System member who does not withdraw contributions from
7 the Maine State Retirement System nor is the member considered to
8 be in service for purposes of Title 5, chapter 423, subchapter V,
9 articles 3-A, 4 and 5 ~~or,--if--the--recipient--of--a--service~~
10 ~~retirement-benefit,--restored-to-service-for-purposes-of-Title-5,~~
11 ~~section-17855.~~

12 **Sec. 5. Status of employees who have retired and returned to covered**
13 **employment under the Maine State Retirement System.** Notwithstanding
14 the Maine Revised Statutes, Title 5, section 17651, and, except
15 as provided in Title 5, section 17857, subsection 2, recipients
16 of a service retirement benefit from the Maine State Retirement
17 System who have returned to covered employment under the
18 retirement system in a position that would otherwise be covered
19 by the retirement plan for state employees and teachers may not
20 contribute to the retirement system, do not earn creditable
21 service for their employment after retirement and do not earn any
22 additional retirement benefits as a result of that employment.
23 They may participate in other retirement options available to
24 similar employees, including the state program of tax-deferred
25 arrangements under Title 5, chapter 67, at the discretion of
26 their employer. For purposes of participation in the state
27 employee health insurance program pursuant to the Maine Revised
28 Statutes, Title 5, section 285 or in dental health insurance
29 coverage offered by the State, recipients of a service retirement
30 benefit under the Maine State Retirement System who are retired
31 state employees and who are reemployed as state employees must be
32 treated as retirees under section 285, subsection 1-A for
33 purposes of eligibility for coverage under the group plan.'

34 Further amend the bill by inserting at the end before the
35 summary the following:

36
37
38 **FISCAL NOTE**

39
40 This bill repeals the restoration to service provision of
41 Maine State Retirement System law as regards state employees and
42 teachers who are restored to service after retirement. That
43 provision requires that certain service retirement benefit
44 recipients repay one-half of the retirement benefit amount by
45 which the earnings limitation is exceeded. This bill does not
46 create liabilities for the Maine State Retirement system but will
47 ultimately reduce the total assets of the system by whatever
48 amount would have been recouped by the system with the repayment

2 provision in place. That amount is indeterminate but because it
reduces the total assets of the system, it will be reflected in
4 the calculation of the employer contribution in the future.'

6 **SUMMARY**

8 This amendment replaces the bill. It repeals the current
law that provides for reduction in benefits of retirees under the
10 Maine State Retirement System who return to employment covered by
the retirement system if they exceed earning limitations. Under
12 the amendment retirees could return to covered employment and
keep both their pension and their earnings. The amendment also
14 establishes the eligibility of retirees who return to covered
employment for certain benefits, including membership in the
16 retirement system, participation in other retirement plans of the
employer and eligibility for the state employee health insurance
18 program. It also adds a fiscal note to the bill.