

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1469

H.P. 1100

House of Representatives, March 8, 2001

An Act to Restore Teacher and State Employee Retirement Benefits.

Reference to the Committee on Labor suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative GREEN of Monmouth.

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

2
4 **Sec. 1. 5 MRSA §17001, sub-§13, ¶B**, as amended by PL 1999, c.
489, §1, is further amended to read:

6 B. "Earnable compensation" does not include:

8 ~~(1) For any member who has 10 years of creditable~~
10 ~~service by July 1, 1993 or who has reached 60 years of~~
12 ~~age and has been in service for a minimum of one year~~
14 ~~immediately before that date, payment~~ Payment for more
16 than 30 days of unused accumulated or accrued sick
18 leave, payment for more than 30 days of unused vacation
20 leave or payment for more than 30 days of a combination
22 of both and, effective October 1, 1999, whether or not
24 the member is in service on October 1, 1999, the 30-day
26 limitation may not be decreased ~~and the exclusion set~~
28 ~~out in subparagraph (2) may not be made applicable to~~
30 ~~such a member;~~

32 ~~(2) For any member who is not covered by subparagraph~~
34 ~~(1), payment for any unused accumulated or accrued sick~~
36 ~~leave or payment for any unused vacation leave;~~

38 (3) Any other payment that is not compensation for
40 actual services rendered or that is not paid at the
42 time the actual services are rendered; or

44 (4) Teacher recognition grants paid pursuant to Title
46 20-A, section 13503-A.

48 A payment for unused sick leave or unused vacation leave may
50 not be included as part of earnable compensation unless it
is paid upon the member's last termination before the member
applies for retirement benefits.

2 **Sec. 2. 5 MRSA §17159, sub-§1, ¶A**, as amended by PL 1999, c.
731, Pt. CC, §2, is further amended to read:

3 A. "Early retirement" means retirement before normal
retirement age with a reduced retirement benefit as provided
by section 17852, subsection 3 ~~or 3-A~~ or subsection 10,
paragraph C or C-1; section 17857, subsection 3-A; section
18452, subsection 3; or section 18462, subsection 3.

4 **Sec. 3. 5 MRSA §17806, sub-§3**, as amended by PL 1993, c. 595,
§6, is further amended to read:

5 **3. Eligibility.** Cost-of-living adjustments under this
section must be applied to the retirement benefits of all

2 retirees who have been retired for at least 12 months before the
3 date that the adjustment becomes payable, ~~except that a member~~
4 ~~who has less than 10 years of creditable service on July 1, 1993~~
5 ~~may not receive a cost-of-living adjustment until at least 12~~
6 ~~months after reaching normal retirement age.~~ Beneficiaries of
7 deceased retirees and members are eligible for the cost-of-living
8 adjustment at the same time the deceased retiree or member would
9 have become eligible. ~~A member who is eligible to retire as of~~
10 ~~June 30, 1993 and who actually retires effective no later than~~
11 ~~July 1, 1994 is eligible for the cost-of-living adjustment if~~
12 ~~that member has been retired for at least 6 months before the~~
13 ~~date that the adjustment becomes payable.~~

14 **Sec. 4. 5 MRSA §17806, sub-§4, ¶¶B and C,** as enacted by PL
15 1999, c. 489, §4, are repealed.

16 **Sec. 5. 5 MRSA §17851, sub-§1-B,** as amended by PL 1999, c.
17 756, §10, is further amended to read:

20 **1-B. Member in service at retirement.** A member who ~~on July~~
21 ~~1, 1993, had 10 years of creditable service and who~~ is in service
22 at retirement, ~~or a member who on July 1, 1993 had~~ has reached 60
23 years of age and ~~had been in service for a minimum of one year~~
24 ~~immediately before July 1, 1993~~ and has been in service for a
25 minimum of one year immediately before retirement, qualifies for
26 a service retirement benefit if the member retires upon or after
27 reaching 60 years of age. For the purpose of determining
28 completion of the 10-year requirement, the 10 years of creditable
29 service may include creditable service as a member of the Maine
30 Legislative Retirement System under Title 3, section 701,
31 subsection 8.

32
33 A. Effective October 1, 1999, the creditable service and
34 age requirements of this subsection may not be increased for
35 a member who on or before October 1, 1999 met either of the
36 requirements for eligibility for service retirement benefits
37 under this subsection, whether or not the member is in
38 service on October 1, 1999.

39
40 B. For the purpose of calculating creditable service under
41 this subsection only, creditable service includes time
42 during which a member participated in the voluntary cost
43 savings plan or the voluntary employee incentive program,
44 authorized by Public Law 1989, chapter 702, Part F, section
45 6 and Public Law 1991, chapter 591, Part BB and chapter 780,
46 Part VV, or 10 years of combined creditable service under
47 this Part and Title 3, chapter 29, or creditable service
48 available to a member that the member was eligible to
49 purchase on June 30, 1993 and that the member does purchase
50 in accordance with rules adopted by the board.

2 **Sec. 6. 5 MRSA §17851, sub-§1-C**, as amended by PL 1999, c.
756, §11, is repealed.

4
6 **Sec. 7. 5 MRSA §17851, sub-§2-B**, as amended by PL 1999, c.
756, §12, is further amended to read:

8 **2-B. Member not in service at retirement.** A member who ~~on~~
9 ~~July 1, 1993 had 10 years of creditable service and~~ who is not in
10 service at retirement qualifies for a service retirement benefit
11 upon or after reaching 60 years of age. For the purpose of
12 determining completion of the 10-year requirement, the 10 years
13 of creditable service may include creditable service as a member
14 of the Maine Legislative Retirement System under Title 3, section
701, subsection 8.

16 A. Effective October 1, 1999, the creditable service and
17 age requirements of this subsection may not be increased for
18 a member who on or before October 1, 1999 met the creditable
19 service requirements for eligibility for service retirement
20 benefits under this subsection, whether or not the member is
21 in service on October 1, 1999.

24 B. For the purpose of calculating creditable service under
25 this subsection only, creditable service includes time
26 during which a member participated in the voluntary cost
27 savings plan or the voluntary employee incentive program,
28 authorized by Public Law 1989, chapter 702, Part F, section
29 6 and Public Law 1991, chapter 591, Part BB and chapter 780,
30 Part VV, or 10 years of combined creditable service under
31 this Part and Title 3, chapter 29 or creditable service
32 available to a member that the member was eligible to
33 purchase on June 30, 1993 and that the member does purchase
34 in accordance with rules adopted by the board.

36 **Sec. 8. 5 MRSA §17851, sub-§2-C**, as amended by PL 1999, c.
756, §13, is repealed.

38 **Sec. 9. 5 MRSA §17851, sub-§3. ¶C**, as enacted by PL 1999, c.
40 489, §11, is amended to read:

42 C. Effective October 1, 1999, the number of years required
43 to qualify for a service retirement benefit under this
44 subsection may not be increased for members who on October
45 1, 1999 have met the creditable service requirement for
46 eligibility to receive a service retirement benefit under
47 subsection 1-B; subsection 2-B; ~~subsection 1-C, paragraph A;~~
48 ~~subsection 1-C, paragraph B; subsection 2-C, paragraph A;~~ or
49 ~~subsection 2-C, paragraph B, or who, after October 1, 1999,~~
50 ~~meet the creditable service requirement for eligibility to~~

~~receive a service retirement benefit under subsection 1-C,
paragraph B or subsection 2-C, paragraph B.~~

2
4 **Sec. 10. 5 MRSA §17851, sub-§3-A**, as amended by PL 1999, c.
756, §15, is repealed.

6
8 **Sec. 11. 5 MRSA §17851-A, sub-§4, ¶B**, as repealed and replaced
by PL 1999, c. 731, Pt. CC, §5, is amended to read:

10 B. Except as provided in paragraph D, if some part of the
12 member's creditable service in any one or a combination of
14 the capacities specified in subsection 1 was earned before
16 July 1, 1998 for employees identified in subsection 1,
18 paragraphs A to H and before January 1, 2000 for employees
20 identified in subsection 1, paragraphs I to K and some part
22 of the member's creditable service in any one or a
24 combination of the capacities specified in subsection 1 was
earned after June 30, 1998 for employees identified in
subsection 1, paragraphs A to H and after December 31, 1999
for employees identified in subsection 1, paragraphs I to K,
then the member's service retirement benefit must be
computed in segments and the amount of the member's service
retirement benefit is the sum of the segments. The segments
must be computed as follows:

26 (1) The segment or, if the member served in more than
28 one of the capacities specified in subsection 1 and the
benefits related to the capacities are not
30 interchangeable under section 17856, segments that
reflect creditable service earned before July 1, 1998
32 for employees identified in subsection 1, paragraphs A
to H and before January 1, 2000 for employees
34 identified in subsection 1, paragraphs I to K or
purchased by repayment of an earlier refund of
36 accumulated contributions for service before July 1,
1998 for employees identified in subsection 1,
38 paragraphs A to H and before January 1, 2000 for
employees identified in subsection 1, paragraphs I to K
40 in a capacity or capacities specified in subsection 1,
or purchased by other than the repayment of a refund
42 and eligibility to make the purchase of the service
credit, including, but not limited to, service credit
44 for military service, was achieved before July 1, 1998
for employees identified in subsection 1, paragraphs A
46 to H and before January 1, 2000 for employees
identified in subsection 1, paragraphs I to K, must be
48 computed under section 17852, subsection 1, paragraph
A. If the member is qualified under subsection 2,
paragraph B and the segment or segments must be

2 reduced as provided in section 17852, subsection 3,
paragraphs A and B; and

4 ~~(a) Had 10 years of creditable service on July 1,~~
~~1993, the amount of the segment or segments must~~
6 ~~be reduced as provided in section 17852,~~
~~subsection 3, paragraphs A and B; or~~

8 ~~(b) Had fewer than 10 years of creditable service~~
10 ~~on July 1, 1993, the amount of the segment or~~
~~segments must be reduced as provided in section~~
12 ~~17852, subsection 3-A; and~~

14 (2) The segment that reflects creditable service
16 earned after June 30, 1998 for employees identified in
subsection 1, paragraphs A to H and after December 31,
18 1999 for employees identified in subsection 1,
paragraphs I to K or purchased by repayment of an
20 earlier refund of accumulated contributions for service
after June 30, 1998 for employees identified in
22 subsection 1, paragraphs A to H and after December 31,
1999 for employees identified in subsection 1,
24 paragraphs I to K in any one or a combination of the
capacities specified in subsection 1, or purchased by
26 other than the repayment of a refund and eligibility to
make the purchase of the service credit, including, but
28 not limited to, service credit for military service,
was achieved after June 30, 1998 for employees
30 identified in subsection 1, paragraphs A to H and after
December 31, 1999 for employees identified in
32 subsection 1, paragraphs I to K, must be computed under
section 17852, subsection 1, paragraph A. If the
34 member is qualified under subsection 2, paragraph B
and the segment amount must be reduced in the manner
36 provided in section 17852, subsection 3, paragraphs A
and B for each year that the member's age precedes 55
years of age.

38 ~~(a) Had 10 years of creditable service on July 1,~~
40 ~~1993, the segment amount must be reduced in the~~
~~manner provided in section 17852, subsection 3,~~
42 ~~paragraphs A and B for each year that the member's~~
~~age precedes 55 years of age; or~~

44 ~~(b) Had fewer than 10 years of creditable service~~
46 ~~on July 1, 1993, the segment amount must be~~
~~reduced by 6% for each year that the member's age~~
48 ~~precedes 55 years of age.~~

2 **Sec. 12. 5 MRSA §17852, sub-§1. ¶C**, as enacted by PL 1999, c.
489, §15, is amended to read:

4 C. Effective October 1, 1999, for a member who, on October
6 1, 1999 or thereafter, meets the creditable service
8 requirement for eligibility to receive a service retirement
10 benefit, at the applicable age if so required, under section
12 17851, subsection 1-B; ~~section 17851, subsection 1-C,~~
14 ~~paragraph A; section 17851, subsection 1-C, paragraph B;~~ or
16 section 17851, subsection 2-B; ~~section 17851, subsection~~
18 ~~2-C, paragraph A; or section 17851, subsection 2-C,~~
20 ~~paragraph B,~~ the factors specified in paragraphs A and B may
22 not be changed, alone or in combination.

14 **Sec. 13. 5 MRSA §17852, sub-§2.** as amended by PL 1999, c. 489,
16 §15, is further amended to read:

18 **2. Member not in service at retirement.** The amount of the
20 service retirement benefit for members qualified under section
22 17851, subsection 2-B ~~or 2-C,~~ must be computed in accordance with
24 subsection 1.

22 **Sec. 14. 5 MRSA §17852, sub-§3.** as amended by PL 1999, c. 489,
24 §16, is further amended to read:

26 **3. Member with creditable service of 25 years or more; 10**
28 **years of creditable service on July 1, 1993.** The amount of the
30 service retirement benefit for members qualified under section
32 17851, subsection 3, is computed in accordance with subsection 1,
34 except that:

32 A. The amount arrived at under subsection 1 is reduced by
34 applying to that amount the percentage that a life annuity
36 due at age 60 bears to the life annuity due at the age of
38 retirement;

36 B. For the purpose of making the computation under
38 paragraph A, the board-approved tables of annuities in
40 effect at the date of the member's retirement are used; and

40 C. Effective October 1, 1999, the reduction to be applied
42 to the service retirement benefit of a member to whom this
44 subsection applies may not be greater than that in effect on
46 October 1, 1999 under paragraphs A and B for a member who,
48 on October 1, 1999 or thereafter, meets the creditable
50 service requirement for eligibility to receive a service
retirement benefit under section 17851, subsection 1-B; ~~section 17851,~~
~~subsection 1-C, paragraph A; section 17851,~~
~~subsection 1-C, paragraph B; section 17851, subsection 2-A,~~
~~paragraph A;~~ or section 17851, subsection 2-B; ~~section~~

2 ~~17851, subsection 2-C, paragraph B, or who after October 1,~~
3 ~~1999, meets the creditable service requirement for~~
4 ~~eligibility to receive a service retirement benefit under~~
5 ~~section 17851, subsection 1-C, paragraph B or section 17851,~~
6 ~~subsection 2-C, paragraph B.~~ For members to whom section
7 17851-A applies, this paragraph must be applied in
8 accordance with the requirements of section 17851-A,
9 subsection 4.

10 ~~This subsection applies to members who, on July 1, 1993, have 10~~
11 ~~years of creditable service. For the purpose of calculating~~
12 ~~creditable service under this subsection only, creditable service~~
13 ~~includes time during which a member participated in the voluntary~~
14 ~~cost savings plan or the voluntary employee incentive program,~~
15 ~~authorized by Public Law 1989, chapter 702, section F-6 and~~
16 ~~Public Law 1991, chapter 591, Part BB and chapter 780, Part VV,~~
17 ~~or 10 years of combined creditable service under this Part and~~
18 ~~Title 3, chapter 29, or creditable service available to a member~~
19 ~~that the member was eligible to purchase on June 30, 1993 and~~
20 ~~that the member does purchase in accordance with rules adopted by~~
21 ~~the board.~~

22 **Sec. 15. 5 MRSA §17852, sub-§3-A,** as amended by PL 1999, c.
23 489, §17, is repealed.

24 **Sec. 16. 5 MRSA §17857, sub-§3.** as amended by PL 1999, c. 731,
25 Pt. CC, §11, is further amended by amending the first paragraph
26 to read:

27 **3. Reduction of benefits.** Upon retirement before reaching
28 age 60, the service retirement benefit of a member who
29 transferred or who was restored to service subject to subsection
30 2 must be reduced as follows.

31 **Sec. 17. 5 MRSA §17857, sub-§3-A,** as amended by PL 1999, c.
32 731, Pt. CC, §12, is repealed.

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40 **SUMMARY**

41 This bill restores teacher and state employee retirement
42 benefits that were reduced for employees who had less than 10
43 years of creditable service on July 1, 1993 so that the same
44 benefits are available to all teachers and state employees when
45 they retire. For affected employees, the bill:

46 1. Revives the ability to use up to 30 days of unused sick
47 or vacation time in calculating earnable compensation;
48

2 2. Eliminates the delay of cost-of-living adjustments to
early retirees until attainment of normal retirement age;

4 3. Reestablishes the normal retirement age at 60 years of
age; and

6
8 4. Restores the reduction for early retirement to the
pre-1993 level.