

# MAINE STATE LEGISLATURE

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Refs

L.D. 1884

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LABOR

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STATE OF MAINE
SENATE
120TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 682, L.D. 1884, Bill, "An Act to Authorize Certain Former Members of the Maine State Retirement System to Rejoin the Maine State Retirement System"

Amend the bill in section 1 by striking out all of subsection 8 and inserting in its place the following:

'8. Participation in Maine State Retirement System. Notwithstanding other provisions of this section, employees of the Maine Technical College System who elected to participate in the defined contribution plan pursuant to subsection 1 may subsequently elect to participate or resume participation in the Maine State Retirement System as provided in this subsection.

A. A former member of the Maine State Retirement System who was employed by the Maine Technical College System and who elected to participate in the defined contribution plan and terminated participation in the Maine State Retirement System during calendar year 1999 or 2000 may elect to terminate participation in the defined contribution plan and to resume participation in the Maine State Retirement System and, upon repayment of earlier contributions plus interest, is entitled to all service credit acquired during the previous membership. The election must be made in writing to the Maine State Retirement System no later than January 1, 2003. The amount of repayment must be equal to the accumulated contributions withdrawn by the former member plus interest on the amount of those accumulated contributions, beginning on the date of withdrawal to the

COMMITTEE AMENDMENT

2 date the repayment or repayments are made, at a rate to be  
3 set by the Board of Trustees of the Maine State Retirement  
4 System, not to exceed regular interest, as defined in Title  
5 5, section 17001, subsection 31, by 5 percentage points.

6 (1) Notwithstanding Title 5, section 17703, subsection  
7 1, payment under this paragraph may be made immediately  
8 after notification of the Maine State Retirement System  
9 of the election provided in this paragraph and upon  
10 determination by the Maine State Retirement System of  
11 the amount due to repay the previously withdrawn  
12 contributions.

14 (2) A former member electing the option provided in  
15 this paragraph may also purchase service credit under  
16 the Maine State Retirement System for all or part of  
17 the time that the former member participated in the  
18 defined contribution plan. Purchase of service credit  
19 under this subparagraph consists of payment of an  
20 amount that, together with regular interest as defined  
21 in Title 5, section 17001, subsection 31 on that  
22 amount, is the actuarial equivalent, at the effective  
23 date of the retirement benefit, of the portion of the  
24 retirement benefit based on the additional creditable  
25 service.

26  
27 B. An employee of the Maine Technical College System hired  
28 on or after August 31, 1998 or on or after the last day of  
29 the month in which authorization pursuant to subsection 1  
30 occurs, whichever is later, and who elected to participate  
31 in the defined contribution plan may elect to terminate  
32 participation in the defined contribution plan and to  
33 participate in the Maine State Retirement System by  
34 notifying the Maine State Retirement System in writing no  
35 later than January 1, 2003.

36  
37 (1) An employee of the Maine Technical College System  
38 electing the option provided in this paragraph may also  
39 elect to purchase service credit under the Maine State  
40 Retirement System for all or part of the time that the  
41 employee participated in the defined contribution  
42 plan. The election must be made in writing to the  
43 Maine State Retirement System no later than January 1,  
44 2003. Purchase of service credit under this  
45 subparagraph consists of payment of an amount that,  
46 together with regular interest as defined in Title 5,  
47 section 17001, subsection 31 on that amount, is the  
48 actuarial equivalent, at the effective date of the  
49 retirement benefit, of the portion of the retirement  
50 benefit based on the additional creditable service.

2 C. Payment to the Maine State Retirement System under this  
3 subsection may be made by single direct payment or annual  
4 direct payments to the Members' Contribution Fund and must  
5 be made before any retirement benefit from the Maine State  
6 Retirement System becomes effective for that person. Annual  
7 direct payments under this paragraph must be made as  
8 provided in Title 5, section 17701, subsection 4.'

9 Further amend the bill by inserting at the end before the  
10 summary the following:

11  
12 **FISCAL NOTE**

13  
14 This bill would allow employees of the Maine Technical  
15 College System who elected to terminate their membership in the  
16 Maine State Retirement System and participate in the Teachers  
17 Insurance and Annuity Association/College Retirement Equities  
18 Fund to revoke that election and rejoin the Maine State  
19 Retirement System.  
20

21 The Maine Technical College System employees who chose this  
22 option and withdrew their accumulated contributions from the  
23 Maine State Retirement System were refunded the employee  
24 contributions and the interest that had accrued on those  
25 contributions. The employer contributions paid on behalf of  
26 these employees remained with the plan.  
27

28 This bill also allows employees of the Maine Technical  
29 College System who were not formerly members of the Maine State  
30 Retirement System and who elected to join the Teachers Insurance  
31 and Annuity Association/College Retirement Equities Fund to join  
32 the Maine State Retirement System.  
33

34 The requirements that returning employees repay previously  
35 withdrawn contributions with interest and that employees who  
36 choose to purchase service credit for the period no contributions  
37 were made pay to the Maine State Retirement System the full  
38 actuarial cost of the benefit associated with that service do not  
39 create any additional cost to the Maine State Retirement System.'  
40

41  
42 **SUMMARY**

43  
44 The bill allows former members of the Maine State Retirement  
45 System who switched out of that program into the Teachers  
46 Insurance and Annuity Association/College Retirement Equities  
47 Fund in 1999 and 2000 to switch back to the Maine State  
48 Retirement System. This amendment provides that:  
49  
50

1. Employees of the Maine Technical College System who are former members electing to rejoin the Maine State Retirement System must repay the amount of their contributions plus interest;

2. Employees of the Maine Technical College System who were not formerly members of the Maine State Retirement System and who elected to join the defined contribution plan when they became employees of the Maine Technical College System may now elect to join the Maine State Retirement System;

3. Both employees of the Maine Technical College System who are former members of the Maine State Retirement System and those who are not former members of the Maine State Retirement System and who elect to join or rejoin the Maine State Retirement System under this bill may purchase service credit under the Maine State Retirement System for the period of time they participated in the defined contribution plan offered by the Maine Technical College System if they pay to the Maine State Retirement System the full actuarial cost of the benefit associated with that service; and

4. Repayment of contributions for prior time may be started immediately, rather than waiting for 2 years as currently required by law.