

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

SECOND REGULAR SESSION-2002

Legislative Document

No. 2185

H.P. 1686

House of Representatives, March 19, 2002

An Act to Amend Maine State Retirement System Statutes.

Reported by Representative BUNKER for the Joint Standing Committee on Labor pursuant to Joint Order 2001, H.P. 1591.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

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

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Sec. 1. 5 MRSA §17001, sub-§42, ¶A, as repealed and replaced by PL 1989, c. 878, Pt. D, §4, is amended to read:

A. Any employee of a public school who fills any position that the Department of Education requires be filled by a person who holds the appropriate certification or license required for that position and:

(1) Holds appropriate certification from the Department of Education, including an employee whose duties include, in addition to those for which certification is required, either the setup, maintenance or upgrading of a school computer system the use of which is to assist in the introduction of new learning to students or providing school faculty orientation and training related to use of the computer system for educational purposes; or

(2) Holds an appropriate license issued to a professional employee by a licensing agency of the State;

Sec. 2. 5 MRSA §17857, sub-§3, ¶B, as amended by PL 1999, c. 731, Pt. CC, §11, is repealed.

Sec. 3. 5 MRSA §18252, sub-§6, as enacted by PL 1989, c. 677, §§2 and 3, is amended to read:

6. Restoration to service. If any person who is the recipient of a service retirement benefit is covered by the United States Social Security Act upon being restored to service, continuation of that person's benefit is ~~not subject to section 18457, but~~ is governed by the following.

A. The person may elect to have the service retirement benefit continued during the period of time the person is restored to service and the person may not accumulate any additional service credits.

B. The person may elect to have the service retirement benefit terminated, again become a member of the retirement system and begin contributing at the current rate.

(1) The person is entitled to accumulate additional service credits during the period of time the person is restored to service.

2 (2) When the person again retires, the person is
entitled to receive benefits computed on the person's
4 entire creditable service and in accordance with the
law in effect at the time.

6 C. Upon being restored to service, the person shall elect
to have benefits either continued or terminated. If written
8 notification of the person's election is not received by the
executive director within ~~30~~ 60 days of restoration to
10 service, the person is deemed to have elected the provisions
of paragraph ~~B~~ A. The election, regardless of how it is
12 made, is irrevocable during the period of restoration to
services.

14 **Sec. 4. 5 MRSA §18457**, as amended by PL 1987, c. 739, §§43
16 and 48, is repealed.

18 **Sec. 5. 5 MRSA §18462, sub-§2, ¶B**, as enacted by PL 1989, c.
79, §3, is repealed.

20 **Sec. 6. 5 MRSA §18462, sub-§3, ¶B**, as enacted by PL 1989, c.
22 79, §3, is repealed.

24 **Sec. 7. PL 2001, c. 442, §5** is amended to read:

26 **Sec. 5. Status of employees who have retired and returned to covered**
employment under the Maine State Retirement System. Notwithstanding
28 the Maine Revised Statutes, Title 5, section 17651, and ~~except~~
~~as provided in Title 5, section 17857, subsection 2,~~ recipients
30 of a service retirement benefit from the Maine State Retirement
System who have returned to covered employment under the
32 retirement system in a position that would otherwise be covered
by the retirement plan for state employees and teachers may not
34 contribute to the retirement system, do not earn creditable
service for their employment after retirement and do not earn any
36 additional retirement benefits as a result of that employment.
They may participate in other retirement options available to
38 similar employees, including the state program of tax-deferred
arrangements under Title 5, chapter 67, at the discretion of
40 their employer. For purposes of participation in the state
employee health insurance program pursuant to the Maine Revised
42 Statutes, Title 5, section 285 or in dental health insurance
coverage offered by the State, recipients of a service retirement
44 benefit under the Maine State Retirement System who are retired
state employees and who are reemployed as state employees must be
46 treated as retirees under section 285, subsection 1-A for
purposes of eligibility for coverage under the group plan.

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2 **Sec. 8. Status of employees who have retired and returned to covered**
3 **participating local district employment under Maine State Retirement**
4 **System.** Notwithstanding the Maine Revised Statutes, Title 5,
5 section 18251, subsection 1, recipients of a service retirement
6 benefit from the Maine State Retirement System for service in the
7 employment of a participating local district who have returned to
8 covered employment under the retirement system in a position that
9 would otherwise be covered by the retirement plan for a
10 participating local district may not contribute to the retirement
11 system, do not earn creditable service for their employment after
12 retirement and do not earn any additional retirement benefits as
13 a result of that employment.

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FISCAL NOTE

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17 This bill removes the earnings limitation for certain
18 participating local district service retirement recipients who
19 are restored to service after retirement. This change would
20 automatically apply to withdrawn participating local districts,
21 but applies to participating local districts in the consolidated
22 plan only if it is made part of the rule that governs the
23 consolidated plan by action of the Consolidated Plan Advisory
24 Committee and the Board of Trustees of the Maine State Retirement
25 System.

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27 This bill will result in increased costs for participating
28 local district employers to whom it applies, including those in
29 the consolidated plan, if applicable. Eliminating the earnings
30 limitation for retirees will ultimately reduce the total assets
31 of the individual participating local district or consolidated
32 plan by whatever amount would have been recouped by the
33 participating local district or consolidated plan with an
34 earnings limitation in place. The increase resulting from the
35 reduction in total assets will ultimately be reflected in the
36 ongoing normal cost.

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39 This bill also extends the scope of the current definition
40 of "teacher," for the purpose of Maine State Retirement System
41 benefits, to include duties which, under current law, are not
42 included as the duties of a teacher, even if performed by a
43 person who holds a teacher certification. This will increase the
44 normal cost component of the employer retirement rate resulting
45 in increased employer contributions to the Maine State Retirement
46 System for teachers. The expanded scope does not apply to either
47 retirees or to periods of time served by active teachers before
48 the effective date of the bill, so no unfunded liability is
49 created. The number of persons affected can not be determined at
50 this time, but the cost is not expected to be significant.

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2 The prospective costs associated with this bill can only
emerge through plan experience and will be determined as part of
4 the annual valuations for an individual withdrawn district or the
consolidated plan.

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SUMMARY

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10 This bill repeals the current law that provides for
reduction in benefits for retirees of participating local
12 districts under the Maine State Retirement System who return to
employment in a participating local district covered by the
retirement system if they exceed certain earnings limitations.
14 The bill would permit retirees to return to covered service and
keep both their pension and their full earnings. Retirees who
16 take advantage of the provisions of the bill would not be
eligible to earn additional retirement benefits based on their
18 return to service employment. This bill is similar to Public Law
2001, chapter 442 enacted last year and covering state employees
20 and teachers.