121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document	**No. 457**
H.P. 349	House of Representatives, February 4, 2003

An Act To Supplement Benefits for State Employees and Teachers Whose Pensions Are Subject to Reductions Enacted in 1993

Reference to the Committee on Labor suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND
Clerk

Presented by Representative MILLS of Cornville.

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

CONCEPT DRAFT
SUMMARY

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

This bill proposes to create a new defined contribution plan as a supplemental benefit for those state employees and teachers who are in service under the Maine State Retirement System or MSRS, on or after January 1, 2004. The new plan does not cover:

1. Any member who was in service with 10 years of creditable service on July 1, 1993;

2. Any member covered by the 1998 Special Plan; or

3. Any member covered by the plan for Maine State Police officers.

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

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

Amounts contributed to the plan are managed by MSRS for the benefit of each employee in a nonlapsing fund. Each employee's share of the fund is tax sheltered and portable as provided in the United States Internal Revenue Code, 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Each employee's accumulated contributions and net earnings are nonlapsing and may be withdrawn or rolled over in accordance with the Internal Revenue Code when the employee dies, retires or departs from state service.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 a retired employee or the employee's spouse.