

MAINE STATE LEGISLATURE

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M
R.O.S.

L.D. 672

DATE: 5-12-03

(Filing No. S-138)

LABOR

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**STATE OF MAINE
SENATE
121ST LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 236, L.D. 672, Bill, "An Act To Allow Certain Employees of the Maine Technical College System To Amend Their Retirement System Election"

Amend the bill by striking out the title and substituting the following:

'An Act Relating to Employees Whose Membership in the Maine State Retirement System is Optional'

Further 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'Sec. 1. 5 MRSA §17652, sub-§2, ¶A, as amended by PL 1995, c. 180, §1, is repealed.

Sec. 2. 5 MRSA §17652, sub-§2, ¶A-1 is enacted to read:

A-1. A person who joins the retirement system under this subsection may purchase service credit for the period during which the person served as an elected official or official appointed for a fixed term but was not a member of the retirement system.

Sec. 3. 5 MRSA §17652, sub-§2-A is enacted to read:

2-A. Reentry. A person whose membership is optional and

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2 who becomes a member after having previously withdrawn from the
3 retirement system may purchase service credit for the time served
4 in eligible service as follows. If qualified under both
5 paragraphs A and B, the person may purchase time under both
6 paragraphs.

7 A. If the person withdrew accumulated contributions at the
8 time of withdrawal, the person may repurchase that prior
9 service credit by repaying those contributions pursuant to
10 section 17703.

11 B. For the purchase of time for which the person was not a
12 member, the person must pay the amount set forth in section
13 17704-A.

14
15 **Sec. 4. 5 MRSA §17652, sub-§4 is enacted to read:**

16 4. Limitation on election to join or rejoin retirement
17 system. Notwithstanding any other law, confidential employees of
18 the Maine Community College System who are not represented in a
19 collective bargaining unit may join or rejoin the system under
20 this section only upon the written authorization of the Board of
21 Trustees of the Maine Community College System. The board of
22 trustees shall authorize the person to join or rejoin the
23 retirement system when the Maine Community College System Office
24 or other Maine Community College System entity that employs the
25 individual seeking to join or rejoin has identified and
26 designated the funds necessary to pay for the cost of that
27 person's joining or rejoining the retirement system.

28
29 **Sec. 5. 5 MRSA §17703, sub-§1-A, as enacted by PL 1991, c.**
30 **325, is amended to read:**

31 **1-A. Exception.** In the case of an employee who has been
32 laid off or an employee reentering the retirement system pursuant
33 to section 17652, subsection 2-A, the repayment may be made
34 immediately upon the date of restoration to membership and must
35 be made before the date any retirement benefit becomes effective
36 for the member.

37
38 **Sec. 6. 5 MRSA §17704-A, first ¶, as enacted by PL 1995, c.**
39 **180, §3, is amended to read:**

40 ~~Notwithstanding section 17652, subsection 2, paragraph A and~~
41 ~~section 17704, an~~ An elected official or an official appointed
42 for a fixed term who began membership after December 31, 1985 may
43 purchase service credit for the period during which that person
44 elected not to be a member of the retirement system if the
45 following requirements are met.

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Sec. 7. 5 MRSA §17704-A, sub-§1, as enacted by PL 1995, c. 180, §3, is repealed.'

SUMMARY

This amendment replaces the bill. It provides that any employee whose membership in the Maine State Retirement System is optional, including confidential employees of the Maine Community College System, may purchase service credit for the time during which that person was eligible to be in the Maine State Retirement System but elected not to join the Maine State Retirement System. The employee would be required to pay the full actuarial cost of the service credit.

It also clarifies the terms for an employee whose membership is optional to reenter the system after having earlier withdrawn.

Finally, it provides that a confidential employee of the Maine Community College System whose membership is optional and who is not represented by a union may join or rejoin the Maine State Retirement System only when the funds necessary to pay the additional costs to the Maine Community College System have been identified and designated.

FISCAL NOTE REQUIRED
(See attached)



**121st Maine Legislature
Office of Fiscal and Program Review**

LD 672

**An Act To Allow Certain Employees of the Maine Technical College
System To Amend Their Retirement System Election**

LR 0755(02)

Fiscal Note for Bill as Amended by Committee Amendment *AS-138*

Committee: Labor

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund

Fiscal Detail and Notes

This bill will result in no additional cost to the Maine State Retirement System for the following reasons: 1) employees who choose to purchase service credit for the period during which no contributions were paid to the retirement system are required to pay the actuarial equivalent of the retirement benefit; and 2) employees that opted out of the retirement system and withdrew their accumulated contributions received only the employee portion of the contributions and the interest that had accrued on those contributions. The employer contributions remained with the plan.

Because this legislation provides that the employee may join or rejoin the Maine State Retirement System only when the funds necessary to pay the additional costs to the Maine Community College System have been identified and designated, the Maine Community College System anticipates being able to absorb the additional cost of this measure within existing resources.