

# MAINE STATE LEGISLATURE

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*m*  
R.S.

L.D. 992

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DATE: 5-12-03

(Filing No. S-139)

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LABOR

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Reported by: *Minority*

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STATE OF MAINE  
SENATE  
121ST LEGISLATURE  
FIRST REGULAR SESSION

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COMMITTEE AMENDMENT "*A*" to S.P. 333, L.D. 992, Bill, "An  
Act To Clarify the Purchase of Military Time Served under the  
Maine State Retirement System"

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26  
Amend the bill by striking out everything after the enacting  
clause and before the summary and inserting in its place the  
following:

28  
'Sec. 1. 5 MRSA §17851, sub-§1-B, ¶B, as enacted by PL 1999,  
c. 489, §7, is repealed and the following enacted in its place:

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B. For the purpose of calculating creditable service under  
this subsection only, creditable service includes:

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(1) Time during which a member participated in the  
voluntary cost savings plan or the voluntary employee  
incentive program authorized by Public Law 1989,  
chapter 702, Part F, section 6 and Public Law 1991,  
chapter 591, Part BB and chapter 780, Part VV;

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40  
(2) Ten years of combined creditable service under this  
Part and Title 3, chapter 29;

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46  
(3) Creditable service available to a member that the  
member was eligible to purchase on June 30, 1993 and  
that the member does purchase in accordance with rules  
adopted by the board; and

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2 (4) Creditable service purchased under section 17760 or  
4 18360 that a member was not eligible to purchase on  
6 June 30, 1993, as long as, in addition to the amount  
8 required to be paid under section 17760 or 18360, the  
10 member pays an amount equal to the actuarial equivalent  
12 of the difference between the value of the retirement  
14 benefit calculated under section 17852, subsection 3  
16 and the value of the retirement benefit calculated  
18 under section 17852, subsection 3-A.

20 **Sec. 2. 5 MRSA §17851, sub-§2-B, ¶B,** as enacted by PL 1999, c.  
22 489, §10, is repealed and the following enacted in its place:

24 B. For the purpose of calculating creditable service under  
26 this subsection only, creditable service includes:

28 (1) Time during which a member participated in the  
30 voluntary cost savings plan or the voluntary employee  
32 incentive program authorized by Public Law 1989,  
34 chapter 702, Part F, section 6 and Public Law 1991,  
36 chapter 591, Part BB and chapter 780, Part VV;

38 (2) Ten years of combined creditable service under this  
40 Part and Title 3, chapter 29;

42 (3) Creditable service available to a member that the  
44 member was eligible to purchase on June 30, 1993 and  
46 that the member does purchase in accordance with rules  
48 adopted by the board; and

50 (4) Creditable service purchased under section 17760 or  
52 18360 that a member was not eligible to purchase on  
54 June 30, 1993, as long as, in addition to the amount  
56 required to be paid under section 17760 or 18360, the  
58 member pays an amount equal to the actuarial equivalent  
60 of the difference between the value of the retirement  
62 benefit calculated under section 17852, subsection 3  
64 and the value of the retirement benefit calculated  
66 under section 17852, subsection 3-A.

68 **Sec. 3. 5 MRSA §17852, sub-§3,** as amended by PL 1999, c. 489,  
70 §16, is further amended to read:

72 **3. Member with creditable service of 25 years or more; 10**  
74 **years of creditable service on July 1, 1993.** The amount of the  
76 service retirement benefit for members qualified under section  
78 17851, subsection 3, is computed in accordance with subsection 1,  
80 except that:

82 **A.** The amount arrived at under subsection 1 is reduced by  
84 applying to that amount the percentage that a life annuity

2 due at age 60 bears to the life annuity due at the age of  
retirement;

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

8 C. Effective October 1, 1999, the reduction to be applied  
to the service retirement benefit of a member to whom this  
10 subsection applies may not be greater than that in effect on  
October 1, 1999 under paragraphs A and B for a member who,  
12 on October 1, 1999 or thereafter, meets the creditable  
service requirement for eligibility to receive a service  
14 retirement benefit under section 17851, subsection 1-B;  
section 17851, subsection 1-C, paragraph A; section 17851,  
16 subsection 1-C, paragraph B; section 17851, subsection 2-A,  
paragraph A; section 17851, subsection 2-B; section 17851,  
18 subsection 2-C, paragraph B; or who after October 1, 1999,  
meets the creditable service requirement for eligibility to  
20 receive a service retirement benefit under section 17851,  
subsection 1-C, paragraph B or section 17851, subsection  
22 2-C, paragraph B. For members to whom section 17851-A  
applies, this paragraph must be applied in accordance with  
24 the requirements of section 17851-A, subsection 4.

26 This subsection applies to members who, on July 1, 1993, have 10  
years of creditable service. For the purpose of calculating  
28 creditable service under this subsection only, creditable service  
includes time during which a member participated in the voluntary  
30 cost savings plan or the voluntary employee incentive program,  
authorized by Public Law 1989, chapter 702, Part F, section F-6 6  
32 and Public Law 1991, chapter 591, Part BB and chapter 780, Part  
VV, or 10 years of combined creditable service under this Part  
34 and Title 3, chapter 29, or creditable service available to a  
member that the member was eligible to purchase on June 30, 1993  
36 and that the member does purchase in accordance with rules  
adopted by the board, and creditable service purchased under  
38 section 17760 or 18360 that a member was not eligible to purchase  
on June 30, 1993, as long as, in addition to the amount required  
40 to be paid under section 17760 or 18360, the member pays an  
amount equal to the actuarial equivalent of the difference  
42 between the value of the retirement benefit calculated under this  
subsection and the value of the retirement benefit calculated  
44 under subsection 3-A.'

#### 46 SUMMARY

48 This amendment replaces the bill. Under current law, a  
50 member of the Maine State Retirement System may purchase service  
credit for military time served before that person entered the

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2 Maine State Retirement System. If the person was eligible before  
3 July 1, 1993 to purchase that service credit time, the person may  
4 count the purchased service credit toward meeting the requirement  
5 of 10 years of service credit in order to have retirement  
6 benefits calculated under a more favorable formula than for  
7 people who do not meet the 10-year requirement. This amendment  
8 allows a person who was not eligible to purchase military time  
9 before July 1, 1993 to also count that time toward qualifying for  
10 the more favorable benefit formula, but only if the person pays  
the actuarial cost of obtaining the right to the more favorable  
benefit as well as paying the cost of the service credits.

FISCAL NOTE REQUIRED  
(See attached)

**COMMITTEE AMENDMENT**

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



**LD 992**

**An Act to Clarify the Purchase of Military Time Served under the Maine  
State Retirement System**

**LR 1446(02)**

**Fiscal Note for Bill as Amended by Committee Amendment *A-5139***

**Committee: Labor**

**Fiscal Note Required: Yes**

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**Fiscal Note**

No net fiscal impact.

**Fiscal Detail and Notes**

Because this legislation requires the member to pay the full actuarial cost of including the purchased military service toward the ten year requirement in such a way that the member moves from coverage in the post-July 1, 1993 plan to coverage in the pre-July 1, 1993 plan, no costs to the retirement plan are created.