

# MAINE STATE LEGISLATURE

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L.D. 1535

DATE: 5-13-03

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**LABOR**

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

COMMITTEE AMENDMENT "A" to S.P. 514, L.D. 1535, 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 in that part designated "Sec. 6." in the last line (page 1, line 33 in L.D.) by inserting after the following: "Act." the following: 'The option may be exercised to apply retroactively or prospectively and may be exercised only once.

**1. Retroactive application of option.** A benefit recipient who exercises the retroactive option provided under this section is restored to membership effective on January 1, 2002. The restored member is responsible for repaying the retirement system for any retirement benefits received from the system after that date and for paying an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the additional creditable service for the period between January 1, 2002 and the date the employer again begins to report that person as an active member of the retirement system. The restored member is also responsible for repaying the retirement system for any over earnings under Title 5, former section 17855 based on earnings between September 21, 2001 and January 1, 2002. Payment of the full actuarial cost of the additional creditable service must be made by a single direct payment or by annual direct payments as provided in Title 5, section 17701, subsection 4. Repayment of benefits received after January 1, 2002 and repayment of over earnings received between September 21, 2001 and January 1, 2002 must be by a single direct payment made within 60 days of the exercise of the option under this subsection. Repayment not completed by that date is subject to interest at the rate of regular interest as defined in Title 5, section 17001, subsection 31.

**COMMITTEE AMENDMENT**

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2           **2. Prospective application of option.** A benefit recipient  
 4 who exercises the option provided under this section  
 6 prospectively is restored to membership effective on the first  
 8 day of the month following the month in which the option is  
 10 exercised. The restored member is responsible for repaying the  
 12 system for any over earnings under Title 5, former section 17855  
 14 based on earnings between September 21, 2001 and January 1,  
 2002. Repayment of over earnings received between September 21,  
 2001 and January 1, 2002 must be by a single direct payment made  
 within 60 days of the exercise of the option under this  
 subsection. Repayment not completed by that date is subject to  
 interest at the regular interest rate as defined in Title 5,  
 section 17001, subsection 31.

16           **3. Exercise of option.** A benefit recipient who exercises  
 18 the option provided in this section to be restored to membership  
 20 and who later retires under the retirement system is covered by  
 the provisions of sections 1 to 5 of this Act and may not again  
 be restored to membership.'

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**SUMMARY**

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This amendment requires an employee who exercises the option  
 under the bill to be retroactively restored to membership in the  
 Maine State Retirement System to pay back to the retirement  
 system over earnings while not a member, to pay full actuarial  
 cost of the retirement benefit based on additional creditable  
 service allowed under the bill and to repay retirement benefits  
 received after retroactive restoration to membership. The  
 amendment also provides an option for an employee to be restored  
 to membership prospectively. An employee who exercises that  
 option must repay the retirement system for any over earnings  
 while retired before Public Law 2001, chapter 442 was enacted.

**FISCAL NOTE REQUIRED**  
 (See attached)

121st Maine Legislature  
Office of Fiscal and Program Review

LD 1535

An Act To Authorize Certain Former Members of the Maine State Retirement System To Rejoin the Maine State Retirement System

LR 1996(02)

Fiscal Note for Bill as Amended by Committee Amendment *AS-152*

Committee: Labor

Fiscal Note Required: Yes



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**Fiscal Note**

No net fiscal impact.

**Fiscal Detail and Notes**

Since this legislation requires the retiree who returns to covered employment under the retirement system as an active employee, and who chooses to have their membership in the plan either retroactively or prospectively restored, to pay the full cost associated with the restoration of membership, there is no fiscal impact to the Maine State Retirement System. The employer will be required to pay the normal cost component once the individual becomes an active member. This fiscal note assumes that the employer will have the retirement costs budgeted as part of the personal services cost of the position, so there will be no additional cost to the employer.