122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document	**No. 579**
S.P. 188	In Senate, February 3, 2005

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.

Joy J. O'Brien

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

Printed on recycled paper

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, 2006.

The new plan would not cover any member who was in service with 10 years of creditable service on July 1, 1993; any member covered by the 1998 Special Plan; or any member covered by the plan for Maine State Police Officers.

Contributions to the plan would be calculated at the rate of 2% of an employee's salary or wages earned after December 31, 2005. The amount will be deducted from the employee's existing required contribution to the MSRS, but the employee's defined benefits under 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 Section 457 and other provisions of the United States Internal Revenue Code.

Each employee's accumulated contributions and net earnings are nonlapsing and may be withdrawn or rolled over in accordance with the United States Internal Revenue Code when the employee dies, retires or departs from state service but only in the form of an annuity to be paid for the life of the employee or the employee's spouse. The employee will have a range of annuity options for payment of benefits to the employee or the employee's spouse.