

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 901

S.P. 309

In Senate, February 22, 2005

**Resolve, To Create a New Pension System for Newly Hired Teachers
and State Employees**

Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

Sec. 1. Maine State Retirement System to design new retirement system for newly hired teachers and state employees. Resolved:

That the Maine State Retirement System shall design a new uniform supplemental pension system for all teachers from participating local districts and state employees hired after December 31, 2005. The new pension system must make participation in the federal Social Security system mandatory for participants and contain a defined benefit component that has an actuarial cost of 4% of payroll, with 3% allocated to the State and 1% to the employee. The defined benefit must be modeled on current law pursuant to the Maine Revised Statutes, Title 5, Part 20, with a normal retirement age of 62 years but with the penalty for early retirement of 4% per year. The system must also provide an optional benefit package of up to 6% of payroll with the State matching the employee's contribution on a 2-for-1 basis; and be it further

Sec. 2. Rules. Resolved: That the Board of Trustees of the Maine State Retirement System may adopt major substantive rules to carry out the purposes of this resolve pursuant to the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A; and be it further

Sec. 3. Report. Resolved: That the Board of Trustees of the Maine State Retirement System shall report to the Joint Standing Committee on Labor on the progress of the development of a new pension system pursuant to section 1 and any proposed legislation no later than December 5, 2005. After receipt and review of the report, the Joint Standing Committee on Labor may report out a bill to the Second Regular Session of the 122nd Legislature.

SUMMARY

This resolve directs the Maine State Retirement System to develop a new uniform supplemental pension system for teachers from participating local districts and state employees hired after December 31, 2005 that:

1. Makes participation in the federal Social Security system mandatory;

2. Contains a defined benefit component that has an actuarial cost of 4% of payroll, with 3% allocated to the State and 1% to the employee;

3. Contains a defined benefit modeled on current law with a normal retirement age of 62 years but with the penalty for early retirement of 4% per year; and

2 4. Provides an optional benefit package of up to 6% of
payroll with the State matching the employee's contribution on a
4 2-for-1 basis.