

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 978

H.P. 688

House of Representatives, February 24, 2005

An Act To Allow State Employees To Participate in a Deferred Retirement Option Program

Reference to the Committee on Labor suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative LERMAN of Augusta.
Cosponsored by Representative: DUPLESSIE of Westbrook.

Be it enacted by the People of the State of Maine as follows:

2
4
6
8
10
12
14
16
18
20
22

Sec. 1. Carriers to offer deferred retirement option program. By January 1, 2006, the Department of Administrative and Financial Services, Bureau of Human Resources, Division of Employee Health and Benefits shall require a carrier of a deferred compensation plan for state employees to offer a deferred retirement option program, referred to in this Act as "DROP," in which state employees may participate. The DROP must enable a state employee who has reached normal retirement age and chooses to participate to deposit up to 100% of the equivalent of that employee's retirement contributions into a DROP account, which must be structured in a manner such that the account accrues interest and any taxes on the account are deferred until the end of the DROP period. The DROP period must be for no less than 3 years and no more than 5 years. The Department of Administrative and Financial Services, Bureau of Human Resources, Division of Employee Health and Benefits shall adopt rules to implement this section. Rules adopted pursuant to this section are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

24
26
28
30
32
34
36
38

Sec. 2. Maine State Retirement System to allow participation in deferred retirement option program. The Maine State Retirement System shall allow a state employee participating in the system who has reached normal retirement age to elect to participate in a deferred retirement option program after January 1, 2006. An employee choosing to participate in a DROP must retire and be rehired in the same state position and deposit all or a portion of the equivalent of the employee's retirement contributions into a DROP account in accordance with rules adopted by the Department of Administrative and Financial Services, Bureau of Human Resources, Division of Employee Health and Benefits. The Maine State Retirement System shall adopt rules to implement this section. Rules adopted pursuant to this section are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

40

SUMMARY

42
44
46
48
50

This bill directs the Department of Administrative and Financial Services, Bureau of Human Resources, Division of Employee Health and Benefits to require that a carrier of a deferred compensation plan for state employees also provide a deferred retirement option program, referred to as "DROP," to state employees. Under a DROP, a state employee retires and is rehired, and elects to deposit all or a part of the equivalent of the employee's retirement contributions into a pre-tax account for 3 to 5 years. The bill directs the Division of Employee

2 Health and Benefits to adopt rules by January 1, 2006 to
implement these programs, and directs the Maine State Retirement
4 System to adopt rules allowing state employees who participate in
the retirement system and have reached normal retirement age to
elect to enroll in a DROP.