

MAINE STATE LEGISLATURE

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Date: 4-10-08

(Filing No. S- 605)

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STATE OF MAINE
SENATE
123RD LEGISLATURE
FIRST SPECIAL SESSION

SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to S.P. 600,
L.D. 1693, Bill, "An Act To Restore Equity to the Maine State Retirement System"

Amend the amendment by striking out the first 5 indented paragraphs after the
substitute title (page 1, lines 14 to 34 in amendment) and inserting the following:

'Amend the bill by striking out sections 1 to 11 and inserting the following:

'Sec. 1. 3 MRSA §851, sub-§2-A, as amended by PL 2007, c. 491, §26, is further
amended to read:

**2-A. Early retirement; employed under program on June 30, 1993, but less than
10 years creditable service on July 1, 1993.** Any member, whether or not in service at
retirement, who on June 30, 1993 was employed in a position that is covered under the
State Employee and Teacher Retirement Program, the Legislative Retirement Program or
the Judicial Retirement Program but who on July 1, 1993 had less than 10 years of
creditable service and who has completed at least 25 years of creditable service may retire
any time before the member's 62nd birthday. Creditable service as a member of any other
retirement program of the Maine Public Employees Retirement System may be combined
with creditable service as a member of the Legislative Retirement Program for the
purpose of determining the completion of 25 years of creditable service. The retirement
allowance is determined in accordance with section 852, except that it is reduced by 6%
3% for each year that the member's age precedes age 62.

Sec. 2. 3 MRSA §851, sub-§2-C is enacted to read:

2-C. Early retirement; not employed under program on June 30, 1993. Any
member, whether or not in service at retirement, who on June 30, 1993 was not employed
in a position that is covered under the State Employee and Teacher Retirement Program,
the Legislative Retirement Program or the Judicial Retirement Program and who has
completed at least 25 years of creditable service may retire any time before the member's
62nd birthday. Creditable service as a member of the Maine Public Employees
Retirement System may be combined with creditable service as a member of the Maine
Legislative Retirement System for the purpose of determining the completion of 25 years

SENATE AMENDMENT

1 of creditable service. The retirement allowance is determined in accordance with section
2 852, except that it is reduced by 6% for each year that the member's age precedes age 62.

3 **Sec. 3. 4 MRSA §1351, sub-§3-A**, as amended by PL 1999, c. 756, §9, is further
4 amended to read:

5 **3-A. Early retirement; employed under program on June 30, 1993, but less than**
6 **10 years creditable service on July 1, 1993.** Any member, whether or not in service at
7 retirement, who on June 30, 1993 was employed in a position that is covered under the
8 State Employee and Teacher Retirement Program, the Legislative Retirement Program or
9 the Judicial Retirement Program but who on July 1, 1993 had less than 10 years of
10 creditable service and who has completed at least 25 years of creditable service may retire
11 any time before the member's 62nd birthday. The retirement allowance is determined in
12 accordance with section 1352, except that the benefit is reduced by ~~6%~~ 3% for each year
13 that the member's age precedes age 62.

14 **Sec. 4. 4 MRSA §1351, sub-§3-B** is enacted to read:

15 **3-B. Early retirement; not employed under program on June 30, 1993.** Any
16 member, whether or not in service at retirement, who on June 30, 1993 was not employed
17 in a position that is covered under the State Employee and Teacher Retirement Program,
18 the Legislative Retirement Program or the Judicial Retirement Program and who has
19 completed at least 25 years of creditable service may retire any time before the member's
20 62nd birthday. The retirement allowance is determined in accordance with section 1352,
21 except that the benefit is reduced by 6% for each year that the member's age precedes age
22 62.

23 **Sec. 5. 5 MRSA §17852, sub-§3-A**, as amended by PL 1999, c. 489, §17, is
24 further amended to read:

25 **3-A. Member with creditable service of 25 years or more whether or not in**
26 **service at retirement; employed under program on June 30, 1993, but fewer than 10**
27 **years of creditable service on July 1, 1993.** The amount of the service retirement
28 benefit for members qualified under section 17851, subsection 3, is computed in
29 accordance with subsection 1, except that:

30 C. The benefit is reduced by ~~6%~~ 3% for each year that the member's age precedes
31 62 years of age; and

32 D. Effective October 1, 1999, the reduction to be applied to the service retirement
33 benefit of a member to whom this subsection applies may not be greater than that in
34 effect on October 1, 1999 under paragraph C for a member who, on October 1, 1999
35 or thereafter, meets the creditable service requirement for eligibility to receive a
36 service retirement benefit under section 17851, subsection 1-C, paragraph A; section
37 17851, subsection 1-C, paragraph B; section 17851, subsection 2-C, paragraph A;
38 section 17851, subsection 2-C, paragraph B; or section 17851-A, subsection 2,
39 paragraph A. For a member to whom section 17851-A applies, this paragraph must
40 be applied in accordance with the requirements of section 17851-A, subsection 4.

41 This subsection applies to members who on June 30, 1993 were employed in a position
42 that is covered under the State Employee and Teacher Retirement Program, the

1 Legislative Retirement Program or the Judicial Retirement Program but who, on July 1,
2 1993, do not have 10 years of creditable service.

3 **Sec. 6. 5 MRSA §17852, sub-§3-B** is enacted to read:

4 **3-B. Member with creditable service of 25 years or more whether or not in**
5 **service at retirement; not employed under program on June 30, 1993. The amount of**
6 **the service retirement benefit for members qualified under section 17851, subsection 3 is**
7 **computed in accordance with subsection 1, except that:**

8 **A. The benefit is reduced by 6% for each year that the member's age precedes 62**
9 **years of age.**

10 **This subsection applies to members who on June 30, 1993 were not employed in a**
11 **position that is covered under the State Employee and Teacher Retirement Program, the**
12 **Legislative Retirement Program or the Judicial Retirement Program.' '**

13 Amend the amendment in section 13 in the last line (page 2, line 19 in amendment)
14 by striking out the following: "sections 17851-A and 17852" and inserting the following:
15 'section 17852'

16 Amend the amendment by striking out all of section 15 (page 3, lines 25 to 35 in
17 amendment) and inserting the following:

18 **'Sec. 15. Contingent effective date.** Since the Constitution of Maine, Article IX,
19 Section 18-A requires the Maine Public Employees Retirement System to be funded
20 annually on an actuarially sound basis and prohibits the creation of unfunded liabilities
21 except those resulting from experience losses, sections 1 to 8 take effect only if the Board
22 of Trustees of the Maine Public Employees Retirement System, pursuant to section 9,
23 takes an action to reduce the required unfunded liability payment for fiscal year 2007-08.
24 Within 10 days of the effective date of this Act, the Board of Trustees of the Maine
25 Public Employees Retirement System shall notify the Secretary of the Senate, the Clerk
26 of the House of Representatives and the Revisor of Statutes whether, pursuant to section
27 9, it took an action on or before the effective date of this Act to reduce the required
28 unfunded liability payment for fiscal year 2007-08.'

29 Amend the amendment by relettering or renumbering any nonconsecutive Part letter
30 or section number to read consecutively.

31 **SUMMARY**

32 The bill, as amended by Committee Amendment "A," reduces the penalty for early
33 retirement from 6% to 3% for members of the state employee and teacher retirement plan,
34 the legislative retirement plan and the judicial retirement plan. This amendment limits the
35 reduction in penalty to only those employees who were already employed in a position
36 that is covered under the State Employee and Teacher Retirement Program, the

SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to S.P. 600, L.D. 1693

1 Legislative Retirement Program or the Judicial Retirement Program prior to the time the
2 penalty was increased from 2.25% to 6% per year and only those employees who do not
3 have the option to retire at 55 years of age without a penalty.

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FISCAL NOTE REQUIRED

(See attached)

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SPONSORED BY: _____

(Senator MILLS, P.)

COUNTY: Somerset



123rd MAINE LEGISLATURE

LD 1693

LR 2016(06)

An Act To Restore Equity to the Maine State Retirement System

Fiscal Note for Senate Amendment "C" to Committee Amendment "A"

Sponsor: Sen. Mills, P. of Somerset

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$0	\$0	(\$2,653,266)	(\$2,779,296)
Highway Fund	\$0	\$0	(\$182,760)	(\$194,583)
Appropriations/Allocations				
General Fund	\$0	\$0	(\$2,653,266)	(\$2,779,296)
Highway Fund	\$0	\$0	(\$182,760)	(\$194,583)
Federal Expenditures Fund	\$0	\$0	(\$283,111)	(\$296,559)
Other Special Revenue Funds	\$0	\$0	(\$170,624)	(\$178,728)
Federal Block Grant Fund	\$0	\$0	(\$16,856)	(\$17,657)
Other Funds	\$0	\$0	(\$130,376)	(\$136,569)

Fiscal Detail and Notes

This amendment reduces the 2008-2009 biennial cost of the bill by \$31,900,000 with \$30,900,000 being the decreased cost to the unfunded actuarial liability and \$1,000,000 being the decreased cost associated with the normal cost component for fiscal year 2008-09.

This amendment reduces the total cost of the bill through June 30, 2028 by \$102,071,666. Of that amount, the decrease to the unfunded liability payments will be \$70,866,032 and the decrease to the normal cost component payments will be \$31,205,634.

As amended, reducing the early retirement reduction factor from 6% to 3% for those members of the State Employee and Teacher Retirement Plan, the Legislative Retirement Plan and the Judicial Retirement Plan who were members as of July 1, 1993, excluding those members whose normal retirement age is 55, and are currently subject to the 6% reduction factor will result in a 2008-2009 biennial cost of \$64,900,000, with \$63,000,000 being the increased cost to the unfunded actuarial liability and \$1,900,000 being the increased normal cost component for fiscal year 2008-09.

As amended, because this legislation proposes to fund the current biennium cost of this provision by utilizing a portion of the \$199,295,540 already appropriated and/or allocated in fiscal year 2007-08 to the Maine Public Employees Retirement System (MainePERS) for the employer's contribution to the unfunded liability, no additional General Fund appropriation is required in the 2008-2009 biennium. However, based on current projections, reducing the amount of funds to be applied to existing unfunded actuarial liability in fiscal year 2007-08 and providing the additional benefit will result in total additional payments through June 30, 2028 of \$203,466,429. Of that amount, the total increase to the unfunded liability payments will be \$144,175,723 and the increase to the normal cost component payments will be \$59,290,706.