

# MAINE STATE LEGISLATURE

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Date: 4-14-08

(Filing No. S-621)

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STATE OF MAINE  
SENATE  
123RD LEGISLATURE  
FIRST SPECIAL SESSION

SENATE AMENDMENT "E" 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 and 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 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 on July 1, 1993 has less than 10 years 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 the Maine Public Employees Retirement System may be combined with creditable service as a member of the Maine Legislative Retirement

**SENATE AMENDMENT**

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

1 System for the purpose of determining the completion of 25 years of creditable service.  
2 The retirement allowance is determined in accordance with section 852, except that it is  
3 reduced by 6% for each year that the member's age precedes age 62.

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

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

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

16 **3-B. Early retirement; not employed under program on June 30, 1993 and less**  
17 **than 10 years creditable service on July 1, 1993.** Any member, whether or not in  
18 service at retirement, who on June 30, 1993 was not employed in a position that is  
19 covered under the State Employee and Teacher Retirement Program, the Legislative  
20 Retirement Program or the Judicial Retirement Program, and who on July 1, 1993 has  
21 less than 10 years creditable service and who has completed at least 25 years of creditable  
22 service may retire any time before the member's 62nd birthday. The retirement allowance  
23 is determined in accordance with section 1352, except that the benefit is reduced by 6%  
24 for each year that the member's age precedes age 62.

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

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

32 C. The benefit is reduced by ~~6%~~ 3% for each year that the member's age precedes  
33 62 years of age; and

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

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1 This subsection applies to members who on June 30, 1993 were employed in a position  
2 that is covered under the State Employee and Teacher Retirement Program, the  
3 Legislative Retirement Program or the Judicial Retirement Program but who, on July 1,  
4 1993, do not have 10 years of creditable service.

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

6 **3-B. Member with creditable service of 25 years or more whether or not in**  
7 **service at retirement; not employed under program on June 30, 1993 and less than**  
8 **10 years creditable service on July 1, 1993.** The amount of the service retirement  
9 benefit for members qualified under section 17851, subsection 3 is computed in  
10 accordance with subsection 1, except that:

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

13 This subsection applies to members who on June 30, 1993 were not employed in a  
14 position that is covered under the State Employee and Teacher Retirement Program, the  
15 Legislative Retirement Program or the Judicial Retirement Program and who on July 1,  
16 1993 has less than 10 years creditable service.'

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

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

22 **'Sec. 15. Contingent effective date.** Since the Constitution of Maine, Article IX,  
23 Section 18-A requires the Maine Public Employees Retirement System to be funded  
24 annually on an actuarially sound basis and prohibits the creation of unfunded liabilities  
25 except those resulting from experience losses, sections 1 to 8 take effect only if the Board  
26 of Trustees of the Maine Public Employees Retirement System, pursuant to section 9,  
27 takes an action to reduce the required unfunded liability payment for fiscal year 2007-08.  
28 Within 10 days of the effective date of this Act, the Board of Trustees of the Maine  
29 Public Employees Retirement System shall notify the Secretary of the Senate, the Clerk  
30 of the House of Representatives and the Revisor of Statutes whether, pursuant to section  
31 9, it took an action on or before the effective date of this Act to reduce the required  
32 unfunded liability payment for fiscal year 2007-08.'

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

35 **SUMMARY**

36 The bill, as amended by Committee Amendment "A," reduces the penalty for early  
37 retirement from 6% to 3% for members of the state employee and teacher retirement plan,  
38 the legislative retirement plan and the judicial retirement plan. This amendment limits the  
39 reduction in penalty to only those employees who were already employed in a position  
40 that is covered under the State Employee and Teacher Retirement Program, the  
41 Legislative Retirement Program or the Judicial Retirement Program prior to the time the

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

1 penalty was increased from 2.25% to 6% per year and only those employees who do not  
2 have the option to retire at 55 years of age under a special plan.

3 SPONSORED BY: Kevin L. Raye  
4 (Senator RAYE)

5 COUNTY: Washington

FISCAL NOTE REQUIRED  
(See attached)



# 123rd MAINE LEGISLATURE

LD 1693

LR 2016(09)

## An Act To Restore Equity to the Maine State Retirement System

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

Sponsor: Sen. Raye of Washington

Fiscal Note Required: Yes

### Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	(\$2,653,266)	(\$2,779,296)
Highway Fund	\$0	\$0	(\$182,760)	(\$194,583)
<b>Appropriations/Allocations</b>				
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.