

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1693

S.P. 600

March 23, 2007

An Act To Restore Equity to the Maine State Retirement System

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 President EDMONDS of Cumberland.
Cosponsored by Representative: PINGREE of North Haven.

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

2 **Sec. 1. 5 MRSA §17851-A, sub-§4, ¶A**, as repealed and replaced by PL 2003, c.
3 510, Pt. D, §3 and as affected by §§6 and 7, is amended to read:

4 A. If all of the member's creditable service in any one or a combination of the
5 capacities specified in subsection 1 was earned after June 30, 1998 and before
6 September 1, 2002 for employees identified in subsection 1, paragraphs A and B;
7 after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after
8 December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after
9 December 31, 2001 for employees identified in subsection 1, paragraph L; and after
10 June 30, 2002 for employees identified in subsection 1, paragraph M; if service credit
11 was purchased by repayment of an earlier refund of accumulated contributions for
12 service in any one or a combination of the capacities specified in subsection 1 after
13 June 30, 1998 and before September 1, 2002 for employees identified in subsection 1,
14 paragraphs A and B; after June 30, 1998 for employees identified in subsection 1,
15 paragraphs C to H; after December 31, 1999 for employees identified in subsection 1,
16 paragraphs I to K; after December 31, 2001 for employees identified in subsection 1,
17 paragraph L; and after June 30, 2002 for employees identified in subsection 1,
18 paragraph M; or if service credit was purchased by other than the repayment of an
19 earlier refund and eligibility to make the purchase of the service credit, including, but
20 not limited to, service credit for military service, was achieved after June 30, 1998
21 and before September 1, 2002 for employees identified in subsection 1, paragraphs A
22 and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to
23 H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to
24 K; after December 31, 2001 for employees identified in subsection 1, paragraph L;
25 and after June 30, 2002 for employees identified in subsection 1, paragraph M, the
26 benefit must be computed as provided in section 17852, subsection 1, paragraph A.

27 (1) If the member had 10 years of creditable service on July 1, 1993, the benefit
28 under subsection 2, paragraph B must be reduced as provided in section 17852,
29 subsection 3, paragraphs A and B.

30 (2) If the member had fewer than 10 years of creditable service on July 1, 1993,
31 the benefit under subsection 2, paragraph B must be reduced by ~~6%~~ 3% for each
32 year that the member's age precedes 55 years of age.

33 **Sec. 2. 5 MRSA §17851-A, sub-§4, ¶B**, as repealed and replaced by PL 2003, c.
34 510, Pt. D, §4 and as affected by §§6 and 7, is amended to read:

35 B. Except as provided in paragraphs D and E, if some part of the member's
36 creditable service in any one or a combination of the capacities specified in
37 subsection 1 was earned before July 1, 1998 for employees identified in subsection 1,
38 paragraphs A to H; before January 1, 2000 for employees identified in subsection 1,
39 paragraphs I to K; before January 1, 2002 for employees identified in subsection 1,
40 paragraph L; and before July 1, 2002 for employees identified in subsection 1,
41 paragraph M and some part of the member's creditable service in any one or a
42 combination of the capacities specified in subsection 1 was earned after June 30,
43 1998 and before September 1, 2002 for employees identified in subsection 1,

1 paragraphs A and B; after June 30, 1998 for employees identified in subsection 1,
2 paragraphs C to H; after December 31, 1999 for employees identified in subsection 1,
3 paragraphs I to K; after December 31, 2001 for employees identified in subsection 1,
4 paragraph L; and after June 30, 2002 for employees identified in subsection 1,
5 paragraph M, then the member's service retirement benefit must be computed in
6 segments and the amount of the member's service retirement benefit is the sum of the
7 segments. The segments must be computed as follows:

8 (1) The segment or, if the member served in more than one of the capacities
9 specified in subsection 1 and the benefits related to the capacities are not
10 interchangeable under section 17856, segments that reflect creditable service
11 earned before July 1, 1998 for employees identified in subsection 1, paragraphs A
12 to H; before January 1, 2000 for employees identified in subsection 1, paragraphs
13 I to K; before January 1, 2002 for employees identified in subsection 1,
14 paragraph L; and before July 1, 2002 for employees identified in subsection 1,
15 paragraph M or purchased by repayment of an earlier refund of accumulated
16 contributions for service before July 1, 1998, for employees identified in
17 subsection 1, paragraphs A to H; before January 1, 2000 for employees identified
18 in subsection 1, paragraphs I to K; before January 1, 2002 for employees
19 identified in subsection 1, paragraph L; and before July 1, 2002 for employees
20 identified in subsection 1, paragraph M in a capacity or capacities specified in
21 subsection 1 or purchased by other than the repayment of a refund and eligibility
22 to make the purchase of the service credit, including, but not limited to, service
23 credit for military service, was achieved before July 1, 1998 for employees
24 identified in subsection 1, paragraphs A to H; before January 1, 2000 for
25 employees identified in subsection 1, paragraphs I to K; before January 1, 2002
26 for employees identified in subsection 1, paragraph L; and before July 1, 2002 for
27 employees identified in subsection 1, paragraph M, must be computed under
28 section 17852, subsection 1, paragraph A. If the member is qualified under
29 subsection 2, paragraph B and:

30 (a) Had 10 years of creditable service on July 1, 1993, the amount of the
31 segment or segments must be reduced as provided in section 17852,
32 subsection 3, paragraphs A and B; or

33 (b) Had fewer than 10 years of creditable service on July 1, 1993, the
34 amount of the segment or segments must be reduced as provided in section
35 17852, subsection 3-A; and

36 (2) The segment that reflects creditable service earned after June 30, 1998 and
37 before September 1, 2002 for employees identified in subsection 1, paragraphs A
38 and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C
39 to H; after December 31, 1999 for employees identified in subsection 1,
40 paragraphs I to K; after December 31, 2001 for employees identified in
41 subsection 1, paragraph L; and after June 30, 2002 for employees identified in
42 subsection 1, paragraph M or purchased by repayment of an earlier refund of
43 accumulated contributions for service after June 30, 1998 and before September
44 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June
45 30, 1998 for employees identified in subsection 1, paragraphs C to H; after
46 December 31, 1999 for employees identified in subsection 1, paragraphs I to K;

1 after December 31, 2001 for employees identified in subsection 1, paragraph L;
2 and after June 30, 2002 for employees identified in subsection 1, paragraph M in
3 any one or a combination of the capacities specified in subsection 1, or purchased
4 by other than the repayment of a refund and eligibility to make the purchase of
5 the service credit, including, but not limited to, service credit for military service,
6 was achieved after June 30, 1998 and before September 1, 2002 for employees
7 identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees
8 identified in subsection 1, paragraphs C to H; after December 31, 1999 for
9 employees identified in subsection 1, paragraphs I to K; after December 31, 2001
10 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for
11 employees identified in subsection 1, paragraph M must be computed under
12 section 17852, subsection 1, paragraph A. If the member is qualified under
13 subsection 2, paragraph B and:

14 (a) Had 10 years of creditable service on July 1, 1993, the segment amount
15 must be reduced in the manner provided in section 17852, subsection 3,
16 paragraphs A and B for each year that the member's age precedes 55 years of
17 age; or

18 (b) Had fewer than 10 years of creditable service on July 1, 1993, the
19 segment amount must be reduced by ~~6%~~ 3% for each year that the member's
20 age precedes 55 years of age.

21 **Sec. 3. 5 MRSA §17851-A, sub-§4, ¶E**, as enacted by PL 2001, c. 409, §5, is
22 amended to read:

23 E. The service retirement benefit of a member to whom subsection 1, paragraph L
24 applies and who qualifies for service retirement benefits under subsection 2 must be
25 computed under section 17852, subsection 1, paragraph A on the basis of all of the
26 member's creditable service in the capacity specified in subsection 1, paragraph L,
27 regardless of when that creditable service was earned, except that for a member
28 qualifying under subsection 2, paragraph B:

29 (1) If the member had 10 years of service on July 1, 1993, the benefit must be
30 reduced as provided in section 17852, subsection 3, paragraphs A and B for each
31 year the member's age precedes 55 years of age; or

32 (2) If the member had fewer than 10 years of creditable service on July 1, 1993,
33 the benefit must be reduced by ~~6%~~ 3% for each year that the member's age
34 precedes 55 years of age.

35 **Sec. 4. 5 MRSA §17852, sub-§3-A, ¶C**, as enacted by PL 1999, c. 489, §17, is
36 amended to read:

37 C. The benefit is reduced by ~~6%~~ 3% for each year that the member's age precedes
38 62 years of age; and

39 **Sec. 5. 5 MRSA §17852, sub-§5-B, ¶B**, as enacted by PL 1995, c. 624, §6, is
40 amended to read:

41 B. For members who do not have 10 years of creditable service on July 1, 1993, the
42 retirement benefit is determined in accordance with subsection 1, except that the

1 benefit is reduced by ~~6%~~ 3% for each year that the person's age precedes 55 years of
2 age.

3 **Sec. 6. 5 MRSA §17852, sub-§6-B, ¶B**, as reenacted by PL 2001, c. 559, Pt. RR,
4 §11 and as affected by §17, is amended to read:

5 B. For members who do not have 10 years of creditable service on July 1, 1993, the
6 retirement benefit is determined in accordance with subsection 1, except that the
7 benefit is reduced by ~~6%~~ 3% for each year that the person's age precedes 55 years of
8 age.

9 **Sec. 7. 5 MRSA §17852, sub-§7-B, ¶B**, as enacted by PL 1995, c. 624, §10, is
10 amended to read:

11 B. For members who do not have 10 years of creditable service on July 1, 1993, the
12 retirement benefit is determined in accordance with subsection 1, except that the
13 benefit is reduced by ~~6%~~ 3% for each year that the person's age precedes 55 years of
14 age.

15 **Sec. 8. 5 MRSA §17852, sub-§10, ¶C-1**, as repealed and replaced by PL 1993,
16 c. 410, Pt. L, §41, is amended to read:

17 C-1. For persons qualifying under section 17851, subsection 11, paragraph B, and
18 who retire before reaching the age of 55, the retirement benefit is determined in
19 accordance with subsection 1, except that the benefit is reduced by ~~6%~~ 3% for each
20 year that the member's age precedes age 55.

21 This paragraph applies to members who, on July 1, 1993, do not have 10 years of
22 creditable service.

23 **Sec. 9. 5 MRSA §17852, sub-§12, ¶B**, as enacted by PL 1995, c. 624, §12, is
24 amended to read:

25 B. For members who do not have 10 years of creditable service on July 1, 1993, the
26 retirement benefit is determined in accordance with subsection 1, except that the
27 benefit is reduced by ~~6%~~ 3% for each year that the person's age precedes 55 years of
28 age.

29 **Sec. 10. 5 MRSA §17852, sub-§14, ¶B**, as enacted by PL 1997, c. 401, §3, is
30 amended to read:

31 B. For members who do not have 10 years of creditable service on July 1, 1993, the
32 retirement benefit is determined in accordance with subsection 1, except that the
33 benefit is reduced by ~~6%~~ 3% for each year that the person's age precedes 55 years of
34 age.

35 **Sec. 11. 5 MRSA §17852, sub-§16, ¶B**, as enacted by PL 1997, c. 401, §3, is
36 amended to read:

37 B. For members who do not have 10 years of creditable service on July 1, 1993, the
38 retirement benefit is determined in accordance with subsection 1, except that the

1 benefit is reduced by ~~6%~~ 3% for each year that the person's age precedes 55 years of
2 age.

3 **Sec. 12. Members on service retirement.** Members of the Maine State
4 Retirement System on service retirement on the effective date of this Act who would
5 receive an increased service retirement benefit if their benefit were calculated using the
6 3% reduction factor provided in this Act must receive such an increased benefit as of the
7 first payment after the effective date of this Act and the past service liability must be
8 purchased at such time by the State.

9 **Sec. 13. Members who retire on or after the effective date of this Act.** As
10 members of the Maine State Retirement System retire on or after the effective date of this
11 Act, their benefit based on service on or after the effective date of this Act and their
12 benefit based on service prior to the effective date of this Act must be calculated using the
13 3% reduction factor specified in the Maine Revised Statutes, Title 5, sections 17851-A
14 and 17852. The past service liability for such retiring members must be purchased by the
15 State no later than the time of their retirement.

16

SUMMARY

17 The Maine State Retirement System currently contains 2 separate benefit structures
18 based upon the status of participants on July 1, 1993. This bill addresses one of the major
19 benefit reductions imposed upon employees with less than 10 years of service on July 1,
20 1993 by reducing the penalty for retiring earlier than 62 years of age from 6% per year to
21 3% per year.