

# MAINE STATE LEGISLATURE

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# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 1395

S.P. 499

In Senate, April 10, 2013

**An Act Regarding the Cost-of-living Adjustment for Certain State  
Retirees When the Cost of Living Declines**

(AFTER DEADLINE)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator JACKSON of Aroostook.

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

2 **Sec. 1. 5 MRSA §17806, sub-§1, ¶A-1**, as amended by PL 2009, c. 473, §4, is  
3 further amended to read:

4 A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to  
5 June 30th, the board shall set the percentage change at 0% for that September. The  
6 adjustment for the following year must be set based on the actuarially compounded  
7 Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price  
8 Index in the subsequent year or years is not sufficient to allow for the adjustment to  
9 be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must  
10 continue to be applied to following years until such time as the cost-neutrality  
11 requirement is met. An adjustment to achieve cost-neutrality under this paragraph  
12 may not include a downward adjustment for any year prior to the retiree's retirement.

13 **Sec. 2. 5 MRSA §18407, sub-§4, ¶A-1**, as amended by PL 2009, c. 473, §6, is  
14 further amended to read:

15 A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to  
16 June 30th, the board shall set the percentage change at 0% for that September. The  
17 adjustment for the following year must be set based on the actuarially compounded  
18 Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price  
19 Index in the subsequent year or years is not sufficient to allow for the adjustment to  
20 be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must  
21 continue to be applied to following years until such time as the cost-neutrality  
22 requirement is met. An adjustment to achieve cost-neutrality under this paragraph  
23 may not include a downward adjustment for any year prior to the retiree's retirement.

24 **Sec. 3. Retroactivity; recalculation of benefits.** Those sections of this Act that  
25 amend the Maine Revised Statutes, Title 5, section 17806, subsection 1, paragraph A-1  
26 and section 18407, subsection 4, paragraph A-1 apply retroactively to June 17, 2009. The  
27 Maine Public Employees Retirement System shall recalculate the pension for any retiree  
28 whose pension prior to the effective date of this Act is affected by this Act and make a  
29 payment to that retiree reflecting the difference between the pension received prior to the  
30 recalculation and the pension as recalculated under this Act.

31 **SUMMARY**

32 This bill provides that the public employee pension adjustment for changes in the  
33 Consumer Price Index does not include downward adjustments to achieve cost-neutrality  
34 attributable to a decrease in the Consumer Price Index for years prior to a retiree's  
35 retirement.