

MAINE STATE LEGISLATURE

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130th MAINE LEGISLATURE

SECOND REGULAR SESSION-2022

Legislative Document

No. 1922

H.P. 1430

House of Representatives, January 14, 2022

An Act To Amend Certain Laws Pertaining to the Maine Public Employees Retirement System

Submitted by the Maine Public Employees Retirement System pursuant to Joint Rule 203.
Received by the Clerk of the House on January 12, 2022. Referred to the Committee on
Labor and Housing pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule
401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative SYLVESTER of Portland.

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

2 **Sec. 1. 3 MRSA §701, sub-§2**, as enacted by PL 1985, c. 507, §1, is amended to
3 read:

4 **2. Actuarial equivalent.** "Actuarial equivalent" means a ~~benefit which is~~ an amount
5 of equal value when computed at ~~regular interest, based on the mortality and service tables~~
6 the discount rate contained in actuarial assumptions adopted by the board of trustees.

7 **Sec. 2. 4 MRSA §1201, sub-§2**, as enacted by PL 1983, c. 853, Pt. C, §§15 and 18,
8 is amended to read:

9 **2. Actuarial equivalent.** "Actuarial equivalent" means a ~~benefit which is~~ an amount
10 of equal value when computed at ~~regular interest, based on the mortality and service tables~~
11 the discount rate contained in actuarial assumptions adopted by the board of trustees.

12 **Sec. 3. 4 MRSA §1352, sub-§5**, as amended by PL 1997, c. 643, Pt. M, §12, is
13 repealed.

14 **Sec. 4. 4 MRSA §1355**, as amended by PL 2007, c. 491, §52, is further amended to
15 read:

16 **§1355. Ordinary death benefits**

17 If a member who is in service or a former member who is a recipient of a disability
18 retirement allowance dies, the member's beneficiary, or relative if the member has no
19 designated beneficiary, is entitled to benefits on the same basis as provided for beneficiaries
20 of state employees who are members of the State Employee and Teacher Retirement
21 Program by Title 5, chapter 423, subchapter 5, article 3 ~~4~~.

22 **Sec. 5. 4 MRSA §1357, sub-§2**, as amended by PL 2007, c. 491, §§54 to 57, is
23 further amended by amending the 2nd blocked paragraph to read:

24 For the purposes of this subsection, "qualifying member" means a member or a former
25 member who is has been receiving a disability retirement benefit and changes to service
26 retirement under section 1353, subsection 7.

27 **Sec. 6. 5 MRSA §17001, sub-§2**, as amended by PL 1993, c. 387, Pt. A, §3, is
28 further amended to read:

29 **2. Actuarial equivalent.** "Actuarial equivalent" means an amount of equal value
30 when computed at ~~an interest~~ the discount rate contained in actuarial assumptions adopted
31 by the board ~~and upon the basis of mortality and service tables adopted by the board~~.
32 "Actuarial equivalent," when used to indicate the amount that must be paid in order to
33 purchase service credit, means the amount that equals the cost of additional benefits that
34 become payable as a result of the service credit, including, when applicable, the projected
35 cost of a member's earlier eligibility for retirement.

36 **Sec. 7. 5 MRSA §17001, sub-§42**, as amended by PL 2021, c. 6, §1, is further
37 amended to read:

38 **42. Teacher.** "Teacher" means:

39 A. Any employee of a public school or ~~a school management and leadership~~ an
40 education service center established pursuant to Title 20-A, chapter 123 who fills any
41 position that the Department of Education requires be filled by a person who holds the

1 appropriate certification or license required for that position, other than an educational
2 technician position for which certification is not required under Title 20-A, section
3 13019-H, and:

4 (1) Holds appropriate certification from the Department of Education, including
5 an employee whose duties include, in addition to those for which certification is
6 required, either the setup, maintenance or upgrading of a school computer system
7 the use of which is to assist in the introduction of new learning to students or
8 providing school faculty orientation and training related to use of the computer
9 system for educational purposes; or

10 (2) Holds an appropriate license issued to a professional employee by a licensing
11 agency of the State;

12 B. Any employee of a public school or ~~a school management and leadership~~ an
13 education service center established pursuant to Title 20-A, chapter 123 who fills any
14 position not included in paragraph A, the principal function of which is to introduce
15 new learning to students, except that a coach who is employed by a public school and
16 who is not otherwise covered by the definition of teacher ~~as defined~~ in this subsection
17 or an employee who is employed in adult education as defined in Title 20-A, section
18 8601-A, subsection 1 and who is not otherwise covered by the definition of teacher
19 ~~defined~~ in this subsection may not be considered a teacher for purposes of this Part;

20 C. Any employee of a public school on June 30, 1989, in a position not included in
21 paragraph A or B ~~which~~ that was included in the definition of teacher in effect on June
22 30, 1989, as long as:

23 (1) The employee does not terminate employment; or

24 (2) The employee terminates employment and returns to employment in a position
25 in the same classification within 2 years of the date of termination.

26 Regardless of any subsequent employment history, any employee of a public school in
27 a position ~~which~~ that was included in the definition of teacher in effect on June 30,
28 1989, is entitled to creditable service as a teacher for all service in that position on or
29 before that date;

30 D. Any employee of a public school or ~~a school management and leadership~~ an
31 education service center established pursuant to Title 20-A, chapter 123 in a position
32 not included in paragraph A, B or C who was a member of the State Employee and
33 Teacher Retirement Program of the retirement system as a teacher on August 1, 1988,
34 as long as:

35 (1) The employee does not terminate employment; or

36 (2) The employee terminates employment and returns to employment in a position
37 in the same classification within 2 years of the date of termination;

38 E. Any former employee of a public school or ~~a school management and leadership~~ an
39 education service center established pursuant to Title 20-A, chapter 123 in a position
40 not included in paragraph A, B or C who was a member of the State Employee and
41 Teacher Retirement Program of the retirement system as a teacher before August 1,
42 1988, as long as the former employee returns to employment in a position in the same
43 classification before July 1, 1991; or

1 F. For service before July 1, 1989, any employee of a public school in a position ~~which~~
2 that was included in the definition of teacher before July 1, 1989.

3 "Teacher" includes a person who is on a one-year leave of absence from a position as a
4 teacher and is participating in the education of prospective teachers by teaching and
5 supervising students enrolled in college-level teacher preparation programs in this State.

6 "Teacher" also includes a person who is on a leave of absence from a position as a teacher
7 and is duly elected as President of the Maine Education Association.

8 "Teacher" also includes a person who, subsequent to July 1, 1981, has served as president
9 of a recognized or certified bargaining agent representing teachers for which released time
10 from teaching duties for performance of the functions of president has been negotiated in
11 a collective bargaining agreement between the collective bargaining agent and the teacher's
12 school administrative unit and for whom contributions related to the portion of the person's
13 salary attributable to the released time have been paid as part of the regular payroll of the
14 school administrative unit.

15 **Sec. 8. 5 MRSA §17054-A**, as enacted by PL 2009, c. 474, §12, is amended to read:
16 **§17054-A. Responsibilities of employers and the retirement system**

17 Employers are responsible for providing procedures by which employees for whom
18 membership in the retirement system is optional make a membership election, for
19 maintaining all records relevant to the election process and an individual employee's
20 election and for informing the retirement system as to employee elections in accordance
21 with procedures established by the ~~chief executive director~~ officer. The retirement system
22 is responsible to ensure that its records accurately reflect the information provided by the
23 employer. With respect to matters related to participation and membership in the retirement
24 system other than those specified in this section, the retirement system and the board retain
25 responsibility and authority according to applicable retirement system law and rules as to
26 the employer and the employees to whom this Part applies, including the authority to make
27 final administrative decisions on membership eligibility based on employee membership
28 elections as reported by the employer pursuant to this section, the applicable retirement
29 system laws and rules and the requirements of the Internal Revenue Code and United States
30 Treasury regulations applicable to governmental qualified defined benefit plans.

31 **Sec. 9. 5 MRSA §17103, sub-§6**, as amended by PL 2015, c. 384, §1, is further
32 amended to read:

33 **6. Rights, credits and, privileges and membership eligibility; decisions.** The board
34 shall in all cases make the final and determining administrative decision in all matters
35 affecting the rights, credits and privileges of all members of all programs of the retirement
36 system whether in participating local districts or in the state service. The board shall also
37 in all cases make the final and determining administrative decision on membership
38 eligibility based on employee membership elections as reported by the employer pursuant
39 to section 17054-A, the applicable retirement system laws and rules and the requirements
40 of the Internal Revenue Code and United States Treasury regulations applicable to
41 governmental qualified defined benefit plans. The board otherwise has no jurisdiction to
42 hear a matter or make an administrative decision regarding a claim of an employee of a
43 local plan for which membership is optional pursuant to section 18252, if that claim applies
44 to a time when the employee was not a member of the retirement system.

1 Whenever the board finds that, because of an error or omission on the part of the employer
2 of a member or retired member, a member or retired member is required to make a payment
3 or payments to the retirement system, the board may waive payment of all or part of the
4 amount due from the member or retired member. In these instances of recovery of
5 overpayments from members of the retirement system, the retirement system is governed
6 by section 17054, subsection 3.

7 **Sec. 10. 5 MRSA §17103, sub-§8**, as amended by PL 1989, c. 483, Pt. A, §§27
8 and 63, is further amended to read:

9 **8. ~~Executive director~~ Chief executive officer.** The board shall appoint ~~an a~~ chief
10 executive director officer, whose salary shall must be set by the board subject to the
11 requirements of Title 2, section 6-D.

12 **Sec. 11. 5 MRSA §17103, sub-§11, ¶J**, as enacted by PL 2009, c. 322, §4, is
13 amended by repealing subparagraph (2).

14 **Sec. 12. 5 MRSA §17103, sub-§11, ¶J**, as enacted by PL 2009, c. 322, §4, is
15 amended by amending subparagraph (3) to read:

16 (3) The ~~net~~ number of applicants for disability retirement who appealed decisions
17 that denied disability retirement status; and

18 **Sec. 13. 5 MRSA §17103, sub-§12**, as enacted by PL 1993, c. 387, Pt. A, §4, is
19 amended to read:

20 **12. ~~Defined contribution plan, deferred compensation and tax sheltered annuity~~**
21 **plans.** The board shall establish a one or more defined contribution ~~plan by July 1, 1994~~
22 ~~that is,~~ deferred compensation or tax sheltered annuity plans consistent with the applicable
23 requirements of the United States Internal Revenue Code and may ~~be a defined contribution~~
24 ~~plan for other purposes.~~ The board may establish a separate defined contribution plan or
25 plans for other purposes, with employer agreement, offer participation in such plans to
26 employees eligible for membership in a retirement program of the retirement system.

27 **Sec. 14. 5 MRSA §17154, sub-§6, ¶J**, as enacted by PL 2019, c. 460, §2, is
28 amended to read:

29 J. Notwithstanding this section, the employer retirement costs and administrative
30 operating expenses related to the retirement programs applicable to those teachers
31 employed by ~~a school management and leadership~~ an education service center, as
32 defined in Title 20-A, section 3801, subsection 1, paragraph B, whose funding is
33 provided from local and state funds must be paid by that ~~school management and~~
34 ~~leadership~~ education service center.

35 **Sec. 15. 5 MRSA §17706-A, sub-§1**, as amended by PL 2011, c. 449, §8, is further
36 amended by amending the first blocked paragraph to read:

37 Pursuant to the Code, Section 401(a)(31)(B), the amount of an automatic refund under this
38 section for a member who has not reached the later of 62 years of age or normal retirement
39 age may not exceed \$1,000.

40 **Sec. 16. 5 MRSA §17760, sub-§3, ¶A**, as amended by PL 2007, c. 491, §137, is
41 further amended by amending subparagraph (3) to read:

1 (3) Was awarded an Armed Forces Expeditionary Medal, a Combat Action
2 Ribbon, a Combat Infantry Badge or any other campaign or expeditionary medal
3 and the receipt of such a medal would allow the member to be considered
4 "preference eligible" under 5 United States Code, Section 2108(3)(A) or
5 2108(3)(B). A member described in this subparagraph is entitled to purchase
6 service credit at the cost set forth in subsection 4 only if a cost subsidy for that
7 member's service credit has been paid to the State Employee and Teacher
8 Retirement Program as provided in subsection 6.

9 **Sec. 17. 5 MRSA §17804, sub-§5-A**, as enacted by PL 1999, c. 744, §8 and
10 affected by §17, is amended to read:

11 **5-A. Option 4.** The qualifying member may elect to have a reduced retirement benefit
12 payable to the qualifying member while alive and at the qualifying member's death to have
13 some benefit other than that available under subsection 3 or 4 payable to the beneficiary
14 that the qualifying member has designated, if the beneficiary survives the qualifying
15 member. The total value of the benefit paid to the qualifying member during the qualifying
16 member's life plus the benefit paid after the qualifying member's death is the actuarial
17 equivalent of the benefit that the qualifying member would have received without optional
18 modification. The method used to determine the benefit must be approved by the board,
19 and the beneficiary must be designated by written designation, duly ~~notarized~~
20 acknowledged and filed with the chief executive director officer on a form provided or
21 specified by the retirement system.

22 **Sec. 18. 5 MRSA §17804, sub-§5-B**, as enacted by PL 1999, c. 744, §8 and
23 affected by §17, is amended to read:

24 **5-B. Option 5.** The qualifying member may elect to have a reduced retirement benefit
25 payable in part to the qualifying member and in part to the beneficiary, who must be the
26 sole beneficiary, while both are alive and, at the death of either, to have the higher benefit
27 paid to the survivor for the survivor's life. The total value of the benefit paid to the
28 qualifying member and beneficiary, during the qualifying member's life, plus the benefit to
29 be paid after the death of either is the actuarial equivalent of the benefit that the qualifying
30 member would have received without optional modification. The method used to
31 determine the benefit must be approved by the board, and the beneficiary must be
32 designated by written designation, duly ~~notarized~~ acknowledged and filed with the chief
33 executive director officer on a form provided or specified by the retirement system.

34 **Sec. 19. 5 MRSA §17804, sub-§5-C**, as enacted by PL 1999, c. 744, §8 and
35 affected by §17, is amended to read:

36 **5-C. Option 6.** The qualifying member may elect to have a reduced retirement benefit
37 payable to the qualifying member while alive and, at the qualifying member's death, to
38 have the benefit continued in the same amount for the life of the beneficiary, who must be
39 the sole beneficiary, that the qualifying member has designated by written designation, duly
40 ~~notarized~~ acknowledged and filed with the chief executive ~~director~~ officer on a form
41 provided or specified by the retirement system, if the beneficiary survives the qualifying
42 member. If the qualifying member's beneficiary predeceases the qualifying member, the
43 qualifying member's benefit must be changed, effective the first day of the month following
44 the date of the beneficiary's death, to be the actuarial equivalent of the benefit that the
45 qualifying member would have received without optional modification. The reduced

1 retirement benefit must be actuarially calculated to reflect the fact that the benefit may be
2 changed to the larger amount should the beneficiary predecease the member.

3 **Sec. 20. 5 MRSA §17804, sub-§5-D**, as enacted by PL 1999, c. 744, §8 and
4 affected by §17, is amended to read:

5 **5-D. Option 7.** The qualifying member may elect to have a reduced retirement benefit
6 payable to the qualifying member while alive and, at the qualifying member's death, to
7 have the benefit continued at 1/2 that amount for the life of the beneficiary, who must be
8 the sole beneficiary, that the qualifying member has designated by written designation, duly
9 ~~notarized~~ acknowledged and filed with the chief executive director officer on a form
10 provided or specified by the retirement system, if the beneficiary survives the qualifying
11 member. If the qualifying member's beneficiary predeceases the qualifying member, the
12 qualifying member's benefit must be changed, effective the first day of the month following
13 the date of the beneficiary's death, to the actuarial equivalent of the benefit that the
14 qualifying member would have received without optional modification. The reduced
15 retirement benefit must be actuarially calculated to reflect the fact that the benefit may be
16 changed to the larger amount should the beneficiary predecease the member.

17 **Sec. 21. 5 MRSA §17804, sub-§5-F**, as amended by PL 2007, c. 523, §2, is further
18 amended to read:

19 **5-F. Change of beneficiary.** If the recipient of a service retirement benefit has elected
20 an optional method of payment under subsection 3, 4, 5, 5-A, 5-B, 5-C, 5-D or 5-E; and
21 has designated someone other than a spouse or ex-spouse as sole beneficiary, the recipient
22 is permitted a one-time change in the designated beneficiary except as provided in
23 paragraph D, but may not change the already elected payment option or the amount of the
24 benefits under that option, by filing a written designation of the new beneficiary, duly
25 ~~notarized~~ acknowledged, with the chief executive director officer on a form provided or
26 specified by the retirement system. The change of beneficiary permitted by this subsection
27 may only be made prior to the death of the prior designated beneficiary.

28 A. The benefit payable to the recipient and the new beneficiary must be paid under the
29 same payment option. The amount of the recipient's benefit may not change, and the
30 amount of the new beneficiary's benefit must be the same as the amount of the prior
31 beneficiary's benefit.

32 B. The effective date of the designation of the new beneficiary is the date the
33 designation is received by the chief executive director officer. As of the first day of
34 the month following the effective date of the designation of the new beneficiary, the
35 prior beneficiary is no longer entitled to any benefit payment and, if concurrent
36 payment under subsection 5-B has been elected, the new beneficiary's benefit must
37 become effective on the same date.

38 C. The new beneficiary's entitlement to benefits ceases on the earlier of:

39 (1) The date of the new beneficiary's death; ~~or~~ and

40 (2) The date established when the amount of the prior beneficiary's benefit was
41 established, which is the initial commencement date of benefits to the retiree
42 increased by the life expectancy of the prior beneficiary computed in years and
43 months using actuarial equivalence assumptions recommended by the system's
44 actuary.

1 Payment of benefits to the new beneficiary must cease as of the first day of the month
2 following the earlier of ~~subparagraph~~ subparagraphs (1) or (2).

3 D. A recipient who exercises a one-time option under this subsection may revert back
4 to the original designated beneficiary, who will be treated as the new beneficiary for
5 purposes of paragraphs A to C.

6 **Sec. 22. 5 MRSA §17804, sub-§7, ¶A**, as enacted by PL 1999, c. 744, §9 and
7 affected by §17, is amended to read:

8 A. By written certification of the spouse, duly ~~notarized~~ acknowledged and filed with
9 the chief executive officer, on a form provided or specified by the retirement system,
10 indicating that notice has been received from the qualifying member; or

11 **Sec. 23. 5 MRSA §17804, sub-§7, ¶B**, as enacted by PL 1999, c. 744, §9 and
12 affected by §17, is amended to read:

13 B. When notice has been given but certification by the spouse has not been provided,
14 by written certification of the qualifying member, duly ~~notarized~~ acknowledged and
15 filed with the chief executive officer, on a form provided or specified by the retirement
16 system, indicating that notice has been given to the spouse.

17 **Sec. 24. 5 MRSA §17906, sub-§1**, as amended by PL 2001, c. 443, §1 and affected
18 by §7, is further amended to read:

19 **1. Excess compensation.** If the compensation received from engaging in any gainful
20 occupation by a beneficiary of a disability retirement benefit exceeds \$20,000 in calendar
21 year 2000 or in any subsequent calendar year exceeds that amount as cumulatively
22 increased ~~or decreased~~ by the same percentage adjustments granted under section 17806,
23 ~~subsection 1, paragraphs A and B:~~

24 A. The excess must be deducted from the disability or service retirement benefits
25 during the next calendar year, the deductions to be prorated on a monthly basis in an
26 equitable manner prescribed by the board over the year or part of the year for which
27 the benefits are received; and

28 B. The beneficiary shall reimburse the retirement system for any excess payments not
29 deducted under paragraph A.

30 **Sec. 25. 5 MRSA §17906, sub-§3**, as amended by PL 2007, c. 491, §176, is further
31 amended to read:

32 **3. Restoration to service.** If any recipient of a disability retirement benefit is restored
33 to service and if the total of the recipient's monthly retirement benefit for any year and the
34 recipient's total earnable compensation for that year exceeds ~~his~~ the recipient's average final
35 compensation at retirement, increased ~~or decreased~~ by the same percentage adjustments as
36 have been received under section 17806, the excess ~~shall~~ must be deducted from the
37 disability retirement benefit payments during the next calendar year.

38 A. The deductions ~~shall~~ must be prorated on a monthly basis over the year or part of
39 the year for which benefits are received in an equitable manner prescribed by the board.

40 B. The recipient of the disability retirement benefit shall reimburse the retirement
41 system for any excess payments not deducted under this section.

42 C. If the retirement benefit payments are eliminated by operation of this subsection:

1 (1) The person again becomes a member of the State Employee and Teacher
2 Retirement Program and begins contributing at the current rate; and

3 (2) When the person again retires, the person shall must receive benefits computed
4 on the person's entire creditable service and in accordance with the law in effect at
5 that time.

6 **Sec. 26. 5 MRSA §17930, sub-§2**, as amended by PL 2021, c. 277, §26, is further
7 amended to read:

8 **2. Compensation from employment not covered by this article.** If any person who
9 is the recipient of a disability retirement benefit receives compensation in any year from
10 engaging in any gainful activity or from employment with an employer whose employees
11 are not covered by this article or chapter 425, subchapter ~~5~~, article 3-A, ~~which that~~
12 exceeds the greater of \$20,000 in calendar year 2000 or in any subsequent year that amount
13 as cumulatively increased ~~or decreased~~ by the same percentage adjustments granted under
14 section 17806, ~~subsection 1, paragraphs A and B~~, or the difference between the person's
15 disability retirement benefit for that year and the person's average final compensation at the
16 time that the person became a recipient of a disability retirement benefit, increased ~~or~~
17 ~~decreased~~ by the same percentage adjustments as have been granted by section 17806:

18 A. The excess must be deducted from the disability or service retirement benefits
19 during the next calendar year; the deductions to be prorated on a monthly basis in an
20 equitable manner prescribed by the board over the year or part of the year for which
21 the benefits are received;

22 B. The person shall reimburse the retirement system for any excess payments not
23 deducted under paragraph A. If the retirement benefit payments are eliminated by this
24 subsection, the disability is deemed to no longer exist, the payment of the disability
25 retirement benefit must be discontinued and, except as provided in paragraph C, all of
26 the person's rights to benefits under this article cease;

27 C. If, during the first 5 years of reemployment, the person again becomes disabled,
28 terminates employment and is not covered by any other disability program, the
29 retirement system shall resume paying the disability retirement benefit payable prior to
30 the reemployment with all applicable cost-of-living adjustments and shall provide
31 rehabilitation services in accordance with section 17927. If the benefit payable under
32 the other disability program is not equal to or greater than the benefit under this article,
33 the retirement system shall pay the difference between the amount of the benefit
34 payable under the other disability program and the amount of the benefit payable under
35 this article. The chief executive ~~director~~ officer shall require examinations or tests to
36 determine whether the person is disabled as described in section 17921; and

37 D. At any time before the elimination of disability retirement benefit payments by this
38 subsection, the person may request that benefit payments be terminated, and the chief
39 executive ~~director~~ officer shall terminate benefit payments at the end of the month in
40 which the request is received.

41 **Sec. 27. 5 MRSA §18252, sub-§6**, as amended by PL 2017, c. 392, §3, is repealed.

42 **Sec. 28. 5 MRSA §18252-A, sub-§2, ¶C**, as enacted by PL 1997, c. 709, §4, is
43 amended to read:

1 C. The participating local district employer is responsible for providing procedures by
2 which employees make elections under this section, for maintaining all records relevant
3 to the election process and each employee's elections, for informing the retirement
4 system as to employee elections in accordance with procedures established by the chief
5 executive director officer and for making all administrative decisions, including the
6 final administrative decision, ~~in any dispute related to an employee's elections or~~
7 ~~administrative decision,~~ in any dispute related to over the election process or an
8 employee's elections or to any issue as to the plan provided by the employer under
9 section 18252-B. Neither the retirement system nor the system's board of trustees has
10 responsibility or jurisdiction to make the final administrative decision with respect to
11 any of these matters. The retirement system is responsible ~~only~~ to ensure that its
12 records accurately reflect the information provided by the employer, the employer's
13 decision as to any of these matters; and the legally cognizable outcome of any dispute
14 related to any of these matters.

15 **Sec. 29. 5 MRSA §18252-A, sub-§2, ¶D,** as enacted by PL 1997, c. 709, §4, is
16 amended to read:

17 D. With respect to matters related to participation and membership other than those
18 specified as the responsibility of the employer in paragraph C, the retirement system
19 and the board retain responsibility and authority according to applicable retirement
20 system law and rules as to the participating local districts and their employees to whom
21 this section applies, including the authority to make final administrative decisions on
22 membership eligibility based on employee membership elections as reported by the
23 employer pursuant to this section, the applicable retirement system laws and rules and
24 the requirements of the Internal Revenue Code and United States Treasury regulations
25 applicable to governmental qualified defined benefit plans.

26 **Sec. 30. 5 MRSA §18252-B, sub-§3,** as amended by PL 2007, c. 491, §196, is
27 further amended to read:

28 **3. Employee contribution.** The employee must contribute as a percentage of
29 compensation in each pay period an amount not less than the employee would have been
30 required to contribute as of the employee's date of hire had the employee been a member
31 under the Participating Local District Retirement Program under the so-called "Regular
32 Plan A" of the consolidated plan for participating local districts, consistent with applicable
33 contribution limits of federal law.

34 **Sec. 31. 5 MRSA §18307-A, sub-§1,** as amended by PL 2011, c. 449, §19, is
35 further amended by amending the first blocked paragraph to read:

36 Pursuant to the Code, Section 401(a)(31)(B), the amount of an automatic refund under this
37 subsection for a member who has not reached the later of 62 years of age or normal
38 retirement age may not exceed \$1,000.

39 **Sec. 32. 5 MRSA §18404, sub-§5-A,** as enacted by PL 1999, c. 744, §13 and
40 affected by §17, is amended to read:

41 **5-A. Option 4.** The qualifying member may elect to have a reduced retirement benefit
42 payable to the qualifying member while alive and at the qualifying member's death to have
43 some benefit other than that available under subsection 3 or 4 payable to the beneficiary
44 that the qualifying member has designated, if the beneficiary survives the qualifying

1 member. The total value of the benefit paid to the qualifying member during the qualifying
2 member's life plus the benefit paid after the qualifying member's death is the actuarial
3 equivalent of the benefit that the qualifying member would have received without optional
4 modification. The method used to determine the benefit must be approved by the board,
5 and the beneficiary must be designated by written designation, duly ~~notarized~~
6 acknowledged and filed with the chief executive ~~director~~ officer on a form provided or
7 specified by the retirement system.

8 **Sec. 33. 5 MRSA §18404, sub-§5-B**, as enacted by PL 1999, c. 744, §13 and
9 affected by §17, is amended to read:

10 **5-B. Option 5.** The qualifying member may elect to have a reduced retirement benefit
11 payable in part to the qualifying member and in part to the beneficiary, who must be the
12 sole beneficiary, while both are alive and, at the death of either, to have the higher benefit
13 paid to the survivor for the survivor's life. The total value of the benefit paid to the
14 qualifying member and beneficiary, during the qualifying member's life, plus the benefit to
15 be paid after the death of either is the actuarial equivalent of the benefit that the qualifying
16 member would have received without optional modification. The method used to
17 determine the benefit must be approved by the board, and the beneficiary must be
18 designated by written designation, duly ~~notarized~~ acknowledged and filed with the chief
19 executive ~~director~~ officer on a form provided or specified by the retirement system.

20 **Sec. 34. 5 MRSA §18404, sub-§5-C**, as enacted by PL 1999, c. 744, §13 and
21 affected by §17, is amended to read:

22 **5-C. Option 6.** The qualifying member may elect to have a reduced retirement benefit
23 payable to the qualifying member while alive and, at the qualifying member's death, to
24 have the benefit continued in the same amount for the life of the beneficiary, who must be
25 the sole beneficiary, that the qualifying member has designated by written designation, duly
26 ~~notarized~~ acknowledged and filed with the chief executive ~~director~~ officer on a form
27 provided or specified by the retirement system, if the beneficiary survives the qualifying
28 member. If the qualifying member's beneficiary predeceases the qualifying member, the
29 qualifying member's benefit ~~shall~~ must be changed, effective the first day of the month
30 following the date of the beneficiary's death, to be the actuarial equivalent of the benefit
31 that the qualifying member would have received without optional modification. The
32 reduced retirement benefit must be actuarially calculated to reflect the fact that the benefit
33 may be changed to the larger amount should the beneficiary predecease the member.

34 **Sec. 35. 5 MRSA §18404, sub-§5-D**, as enacted by PL 1999, c. 744, §13 and
35 affected by §17, is amended to read:

36 **5-D. Option 7.** The qualifying member may elect to have a reduced retirement benefit
37 payable to the qualifying member while alive and, at the qualifying member's death, to
38 have the benefit continued at 1/2 that amount for the life of the beneficiary, who must be
39 the sole beneficiary, that the qualifying member has designated by written designation, duly
40 ~~notarized~~ acknowledged and filed with the chief executive ~~director~~ officer on a form
41 provided or specified by the retirement system, if the beneficiary survives the qualifying
42 member. If the qualifying member's beneficiary predeceases the qualifying member, the
43 qualifying member's benefit must be changed, effective the first day of the month following
44 the date of the beneficiary's death, to the actuarial equivalent of the benefit that the
45 qualifying member would have received without optional modification. The reduced

1 retirement benefit must be actuarially calculated to reflect the fact that the benefit may be
2 changed to the larger amount should the beneficiary predecease the member.

3 **Sec. 36. 5 MRSA §18404, sub-§5-F**, as amended by PL 2007, c. 523, §3, is further
4 amended to read:

5 **5-F. Change of beneficiary.** If the recipient of a service retirement benefit has elected
6 an optional method of payment under subsection 3, 4, 5, 5-A, 5-B, 5-C, 5-D or 5-E; and
7 has designated someone other than a spouse or ex-spouse as sole beneficiary, the recipient
8 is permitted a one-time change in the designated beneficiary except as provided in
9 paragraph D, but may not change the already elected payment option or the amount of the
10 benefits under that option, by filing a written designation of the new beneficiary, duly
11 ~~notarized~~, acknowledged with the ~~chief executive director~~ officer on a form provided or
12 specified by the retirement system. The change of beneficiary permitted by this subsection
13 may only be made prior to the death of the prior designated beneficiary.

14 A. The benefit payable to the recipient and the new beneficiary must be paid under the
15 same payment option. The amount of the recipient's benefit may not change, and the
16 amount of the new beneficiary's benefit must be the same as the amount of the prior
17 beneficiary's benefit.

18 B. The effective date of the designation of the new beneficiary is the date the
19 designation is received by the chief executive officer. As of the first day of
20 the month following the effective date of the designation of the new beneficiary, the
21 prior beneficiary is no longer entitled to any benefit payment and, if concurrent
22 payment under subsection 5-B has been elected, the new beneficiary's benefit must
23 become effective on the same date.

24 C. The new beneficiary's entitlement to benefits ceases on the earlier of:

25 (1) The date of the new beneficiary's death; or

26 (2) The date established when the amount of the prior beneficiary's benefit was
27 established, which is the initial commencement date of benefits to the retiree
28 increased by the life expectancy of the prior beneficiary computed in years and
29 months using actuarial equivalence assumptions recommended by the system's
30 actuary.

31 Payment of benefits to the new beneficiary must cease as of the first day of the month
32 following the earlier of ~~subparagraph~~ subparagraphs (1) ~~or~~ and (2).

33 D. A recipient who exercises a one-time option under this subsection may revert back
34 to the original designated beneficiary, who will be treated as the new beneficiary for
35 purposes of paragraphs A to C.

36 **Sec. 37. 5 MRSA §18404, sub-§7, ¶A**, as enacted by PL 1999, c. 744, §14 and
37 affected by §17, is amended to read:

38 A. By written certification of the spouse, duly ~~notarized~~ acknowledged and filed with
39 the chief executive officer, on a form provided or specified by the retirement system,
40 indicating that notice has been received from the qualifying member; or

41 **Sec. 38. 5 MRSA §18404, sub-§7, ¶B**, as enacted by PL 1999, c. 744, §14 and
42 affected by §17, is amended to read:

1 B. When notice has been given but certification by the spouse has not been provided,
2 by written certification of the qualifying member, duly ~~notarized~~ acknowledged and
3 filed with the chief executive officer, on a form provided or specified by the retirement
4 system, indicating that notice has been given to the spouse.

5 **Sec. 39. 5 MRSA §18802-A, sub-§7** is enacted to read:

6 **7. Remote meeting policy.** The remote meeting policy in Title 1, section 403-B,
7 subsection 2 may be adopted by the chief executive officer on behalf of the advisory
8 committee.

9 **Sec. 40. Maine Revised Statutes amended; revision clause.** Wherever in the
10 Maine Revised Statutes the words "Executive Director of the Maine Public Employees
11 Retirement System" appear or reference is made to that position or those words, those
12 words are amended to read or mean, as appropriate, "Chief Executive Officer of the Maine
13 Public Employees Retirement System" and the Revisor of Statutes shall implement this
14 revision when updating, publishing or republishing the statutes. Wherever in the Maine
15 Revised Statutes, Title 5, Part 20, the words "executive director" appear or reference is
16 made to that position within the Maine Public Employees Retirement System, those words
17 are amended to read or mean, as appropriate, "chief executive officer," and the Revisor of
18 Statutes shall implement this revision when updating, publishing or republishing the
19 statutes.

20 SUMMARY

21 This bill makes the following changes to the laws governing the Maine Public
22 Employees Retirement System:

23 1. It removes the provision that provides that the service retirement benefit of a judge
24 ceases upon the return to service as a judge and that a judge returned to service continues
25 to earn credit toward retirement;

26 2. It corrects a cross-reference in the law that governs ordinary death benefits for
27 members in the Judicial Retirement Program;

28 3. It clarifies the definition of "qualifying member" for the Judicial Retirement
29 Program to include retirees who receive a disability retirement benefit and change to
30 service retirement;

31 4. It clarifies that actuarial equivalent calculations are based on the discount rate
32 assumption adopted by the Board of Trustees of the Maine Public Employees Retirement
33 System;

34 5. It changes references to "school management and leadership center" to "education
35 service center" in accordance with changes made in Public Law 2019, chapter 219;

36 6. It clarifies jurisdiction over administrative decisions on membership;

37 7. It specifies the types of retirement plans that the board of trustees may establish and
38 offer;

39 8. It makes changes to language regarding disability retirement-related information
40 that is reported by the system annually to the Legislature;

41 9. It aligns the provisions for automatic refunds on inactive accounts with federal law;

1 10. It deletes a cross-reference to inapplicable federal law in the military service credit
2 purchase provision;

3 11. It removes the ability for certain retired participating local district members who
4 are restored to service to reenter the plan in order to bring the provisions into compliance
5 with federal law;

6 12. It clarifies the required minimum contribution rate that participating local district
7 employees must contribute to a defined contribution or deferred compensation plan in order
8 for it to be considered a qualified replacement plan;

9 13. It permits the Chief Executive Officer of the Maine Public Employees Retirement
10 System to adopt a remote meeting policy for the Participating Local District Advisory
11 Committee;

12 14. It incorporates a change in title from Executive Director of the Maine Public
13 Employees Retirement System to Chief Executive Officer of the Maine Public Employees
14 Retirement System and directs the Revisor of Statutes to incorporate this change
15 throughout the statutes; and

16 15. It removes obsolete, unclear or inconsistent language.