

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

Date 6/6/23

(Filing No S- 20)

MAJORITY

LABOR AND HOUSING

Reproduced and distributed under the direction of the Secretary of the Senate

STATE OF MAINE

SENATE

131ST LEGISLATURE

FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S P 89, L D 185, "An Act to Reduce the Benefit Penalty Imposed on Career Educators Who Retire After 35 Years of Service"

Amend the bill by striking out the title and substituting the following

'An Act to Reduce the Benefit Penalty Imposed on Teachers Who Retire After 35 Years of Service'

Amend the bill by striking out everything after the enacting clause and inserting the following

'Sec. 1. 5 MRSA §17852, sub-§3-C is enacted to read

3-C. Teacher with creditable service of 35 years or more. Notwithstanding subsections 3-A and 3-B, the amount of the service retirement benefit for a member who has creditable service of 35 years or more and whose last position prior to retirement was as a teacher is computed in accordance with subsection 1, except that the benefit is reduced by 5% for each year that the member's age precedes that member's normal retirement age of 62 or 65

Sec. 2. Appropriations and allocations. The following appropriations and allocations are made

EDUCATION, DEPARTMENT OF

Teacher Retirement 0170

Initiative Provides one-time funds to pay the unfunded actuarial liability created by allowing all teachers with at least 35 years of service to retire with an early retirement reduction of 5% per year regardless of the normal retirement age of the plan in which they participate

GENERAL FUND	2023-24	2024-25
All Other	\$12,234,707	\$0
GENERAL FUND TOTAL	<u>\$12,234,707</u>	<u>\$0</u>

COMMITTEE AMENDMENT

1
2
3
4
5
6
7
8
9
10
11

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively

SUMMARY

This amendment is the majority report of the committee and replaces the bill and changes the title. The amendment provides that members who retire from a teaching position and have 35 or more years of creditable service in the State Employee and Teacher Retirement Program have their benefit reduced by 5% for each year that the member's age precedes that member's normal retirement age.

FISCAL NOTE REQUIRED

(See attached)



131st MAINE LEGISLATURE

LD 185

LR 236(02)

An Act to Reduce the Benefit Penalty Imposed on Career Educators Who Retire After 35 Years of Service

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-201)
 Committee: Labor and Housing
 Fiscal Note Required: Yes

Fiscal Note

Future biennium cost increase - Local school administrative units

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Cost (Savings)				
General Fund	\$12,234,707	\$0	\$0	\$0
Appropriations/Allocations				
General Fund	\$12,234,707	\$0	\$0	\$0

Fiscal Detail and Notes

This bill includes a one-time General Fund appropriation of \$12,234,707 to the Teacher Retirement program within the Department of Education for the cost of the unfunded actuarial liability created by allowing all teachers with at least 35 years of service to retire with an early retirement reduction of 5% per year regardless of the normal retirement age of the plan in which they participate. Current law stipulates that members in the regular state employee and teacher retirement plan that did not have 10 year of creditable service on July 1, 1993 are subject to a 6% per year early retirement reduction.

This provision will also increase the normal cost component of the employer retirement rate beginning in the 2026-2027 biennium. The increase in the employer contribution rate for teachers under the state employee and teacher retirement program is estimated to be 0.2%.