

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2026

Legislative Document

No. 2145

S.P. 863

In Senate, January 7, 2026

An Act to Decrease Offsets to Disability Retirement Benefits

Submitted by the Maine Public Employees Retirement System pursuant to Joint Rule 203.
Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in black ink that reads "DAREK M. GRANT".

DAREK M. GRANT
Secretary of the Senate

Presented by Senator TIPPING of Penobscot.

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

2 **Sec. 1. 5 MRSA §17906, sub-§2, ¶B**, as repealed and replaced by PL 1987, c. 458,
3 §1, is amended to read:

4 B. Disability retirement benefits ~~shall~~ must be calculated as follows:

- 5 (1) The initial disability retirement benefit ~~shall~~ must be reduced if necessary so
6 that the benefit plus any benefits under paragraph A do not exceed 80% of the
7 beneficiary's average final compensation;
- 8 (2) Subsequent cost-of-living adjustments applied to any benefit listed under
9 paragraph A ~~shall~~ must be excluded from the calculations under subparagraph (1);
- 10 (3) Adjustments under section 17806 ~~shall~~ must be applied to that portion of
11 disability retirement benefits calculated under subparagraph (1); and
- 12 (4) If a beneficiary receives a benefit under paragraph C, the 80% limit under
13 subparagraph (1) ~~shall~~ may not include adjustments under section 17806.

14 **Sec. 2. 5 MRSA §17930, sub-§4, ¶B**, as enacted by PL 1989, c. 409, §§8 and 12,
15 is amended by amending subparagraph (1) to read:

- 16 (1) The initial disability retirement benefit ~~shall~~ must be reduced if necessary so
17 that the benefit plus any benefits under paragraph A do not exceed 80% of the
18 person's average final compensation;

19 **Sec. 3. 5 MRSA §18506, sub-§2, ¶A**, as amended by PL 1993, c. 680, Pt. A, §17,
20 is further amended to read:

21 A. The amount of any disability retirement benefit payable under this article must be
22 reduced by any amount received by the beneficiary for the same disability under ~~either~~
23 ~~or both~~ of the following:

- 24 (1) The workers' compensation or similar law, except amounts that may be paid
25 or payable under former Title 39, section 56-B or Title 39-A, section 212,
26 subsection 3; ~~or~~
- 27 (2) ~~The United States Social Security Act, if the employment for which creditable
28 service with the employer is allowed was also covered under that Act at the date
29 of disability retirement.~~

30 **Sec. 4. 5 MRSA §18506, sub-§2, ¶B**, as repealed and replaced by PL 1987, c. 458,
31 §2, is amended to read:

32 B. Disability retirement benefits ~~shall~~ must be calculated as follows:

- 33 (1) The initial disability retirement benefit ~~shall~~ must be reduced if necessary so
34 that the benefit plus any benefits under paragraph A do not exceed 80% of the
35 beneficiary's average final compensation;
- 36 (2) Subsequent cost-of-living adjustments applied to any benefit listed under
37 paragraph A ~~shall~~ must be excluded from the calculations under subparagraph (1);
- 38 (3) Adjustments under section 18407 ~~shall~~ must be applied to that portion of
39 disability retirement benefits calculated under subparagraph (1); and

(4) If a beneficiary receives a benefit under paragraph C, the 80% limit under subparagraph (1) shall ~~may~~ not include adjustments under section 18407.

Sec. 5. 5 MRSA §18530, sub-§4, ¶B, as amended by PL 2003, c. 328, §1, is further amended by amending subparagraph (1) to read:

(1) The initial disability retirement benefit must be reduced if necessary so that the benefit plus any benefits under paragraph A do not exceed 80% of the person's average annual earnings. For the purposes of this subparagraph, "average annual earnings" means the total of the person's average final compensation plus other wages and earnings from employment for the calendar year in which the person has the highest total of other wages and earnings from employment during the 5 years immediately preceding the year in which the person became disabled average final compensation;

SUMMARY

This bill modifies provisions governing disability retirement benefits for the State Employee and Teacher Retirement Program and Participating Local District Retirement Program as follows.

1. It increases the cap on the total combined benefits that may be paid for the same disability between disability retirement benefits and workers' compensation benefits. It also modifies this cap under the Participating Local District Retirement Program for disabilities for which written applications were received after September 30, 1989 to rely on a person's average final compensation rather than the person's average annual earnings.

2. It eliminates the requirement that benefits paid under the Participating Local District Retirement Program for disabilities for which a written application was received before October 1, 1989 must be offset for Social Security benefits received for the same disability.

3. It corrects outdated language to conform with modern drafting standards.