

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)

NEW DRAFT

EIGHTY-FIRST LEGISLATURE

SENATE

NO. 268

In Senate, March 21, 1923.

Reported by Mr. Allen from Committee on Education and
laid on table to be printed under joint rules.

L. ERNEST THORNTON, Secretary.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND TWENTY-THREE

AN ACT to Establish a Teachers' Retirement System.

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

Section 1. Teachers' Retirement System. The Maine
2 Teachers' Retirement system, hereinafter called the retire-
3 ment system, is hereby established, to become effective on
4 July first nineteen hundred twenty-four.

Sect. 2. Definitions. The following words and phrases
2 as used in this act shall have the following meanings:

(1) "Teacher" shall mean any teacher, principal, super-
2 visor, or superintendent employed in any day school within
3 the state; also a teacher or principal of a normal school,
4 the state superintendent or his assistants and teachers who

5 teach in any school which is supported at least three-fifths
6 by state or town appropriations.

(2) "Public School" shall mean any day school con-
2 ducted within the state under the authority and supervision
3 of a duly elected board of education or superintending
4 school committee.

(3) "Year" as used in this act referring to the term of
2 school service of a teacher shall mean the same as "school
3 year" defined in the general laws of the state at the time
4 when the school service in question was rendered, provided,
5 however, that the retirement board may in special cases
6 determine what school service shall constitute the equiva-
7 lent of a specified period of service under this act.

(4) "Interest," unless herein otherwise provided, shall
2 mean compound interest at four per cent.

(5) Wherever the word "he" appears it shall be taken
2 to apply to females as well as males.

Sect. 3. Teachers' Retirement Association. An associa-
2 tion to be known as the Maine Teachers' Retirement Asso-
3 ciation, hereinafter called the retirement association, may
4 be organized by and among the teachers in the public
5 schools of the state. Membership in said association may
6 be acquired under the following conditions:

All teachers who shall serve in the public schools and any
2 academy which has contract relations with a town or which
3 receives at least three-fifths of its support from the state
4 or who teaches in a normal school which is under the

5 control of the state or members of the state department of
6 education on or after July first, nineteen hundred twenty-
7 four, may become members of the association, upon appli-
8 cation to and approval by a majority of the retirement
9 board and under such rules and regulations as it may
10 prescribe.

Sect. 4. Organization. The teachers who desire to be-
2 come members of the retirement association shall, as soon
3 as may be after July first, nineteen hundred twenty-four,
4 adopt such form of organization for said association as
5 shall be prescribed by the state superintendent of public
6 schools, state treasurer and attorney general; and there-
7 after such organization shall be maintained for the purpose
8 herein contemplated, with such modifications thereof as
9 may be adopted from time to time by the members of the
10 association with the approval of the retirement board. No
11 modification of this act that will affect the interests of
12 existing members shall be made without their consent.

Sect. 5. Teachers' Retirement Board. The administra-
2 tion of the retirement system hereby established is hereby
3 vested in a board to be known as the teachers' retirement
4 board, herein called the retirement board, consisting of five
5 members, as follows: the state superintendent of public
6 schools, the state treasurer, the attorney general and two
7 members of the retirement association. Upon the organiza-
8 tion of said association the members thereof shall elect
9 from among their number, in a manner to be approved by

10 the state superintendent of public schools, the state treasurer
11 and the attorney general, two persons to serve upon the
12 retirement board, one member to serve for one year and
13 one for two years; and thereafter the members of the
14 retirement association shall elect annually from among their
15 number, in a manner to be approved by the retirement
16 board, one person to serve on said board for the term of
17 two years.

Until the organization of the retirement association and
2 the election of two representatives therefrom to member-
3 ship on the retirement board, the state superintendent of
4 public schools, the state treasurer and the attorney general
5 shall be employed to perform all the duties of said board. .

When a vacancy occurs in the retirement board by reason
2 of the death, resignation or inability to serve of one of the
3 members chosen by the retirement association, such vacancy
4 shall be filled for the unexpired term by the election of a
5 new member of said association, at a meeting duly called
6 for that purpose.

The members of the retirement board shall serve without
2 compensation, but they shall be reimbursed for all necessary
3 expenses which they may sustain through their service on
4 the board. All claims for such reimbursement shall be
5 subject to the approval of the state auditor.

Sect. 6. General Duties. The retirement board shall
2 provide for the payment of retirement allowances and such
3 other expenditures as are prescribed by this act, and shall

4 perform such other functions as are required for the execu-
5 tion of the provisions hereof; and to that end said board
6 shall make by-laws and regulations not inconsistent with
7 the provisions of this act, shall employ a secretary, whose
8 duty it shall be to keep a record of all its proceedings, and
9 shall provide such other clerical assistance as may be neces-
10 sary for the discharge of the duties prescribed hereunder.

Sect. 7. Administrative Duties. The retirement board
2 shall adopt mortality tables for the retirement system hereby
3 created, and, except as herein otherwise provided, shall
4 determine what rates of interest shall be established in
5 connection with such tables or otherwise under the pro-
6 vision hereof. Said board may modify such mortality tables
7 or adopt others, and may change rates of interest once
8 established, unless otherwise provided herein, but not so
9 as to impair the vested rights hereunder of any member
10 of the retirement association, unless such modifications or
11 changes shall be assented to by such member. Said board
12 shall establish and maintain, under competent actuarial
13 advice, a complete system of records and accounting.

Sect. 8. Creation of Annuity Fund. The annuities here-
2 inafter provided shall be paid out of a fund to be known
3 as the annuity fund, which shall be constituted as follows:

(1) Each member of the retirement association shall pay
2 into the annuity fund, under regulations to be prescribed
3 by the retirement board, such percentage of his salary as
4 may be determined by said board within the limits here-

5 in after prescribed. The rate of assessment for each school
6 year, which shall not be more than five per cent of each
7 member's salary, shall be established by the retirement
8 board on or before the 1st day of April in each year, and
9 notice thereof shall be given all members of the retirement
10 association in such manner as the retirement board shall
11 prescribe. Such rates of assessment should be uniform,
12 at any given time, for all members of the retirement asso-
13 ciation; provided, however, that no member shall in any
14 one year pay into said fund less than twenty dollars nor
15 more than one hundred dollars.

(2) Any member of the retirement association, who for
2 thirty years shall have paid into said fund his regular
3 assessments, as above provided, shall be exempt from fur-
4 ther assessments, but such member may thereafter, if he
5 so elects, continue to pay his assessments into said fund.

(3) During the months of July or August of each year
2 the retirement board shall notify the state superintendent
3 of public schools of the exact amount paid in between July
4 first and June thirtieth preceding by the members of the
5 teachers' retirement association and before the state super-
6 intendent of public schools shall distribute the state school
7 fund in December, he shall deduct the amount necessary
8 to equal the contributions of members as certified by the
9 retirement board. Such amount together with the amounts
10 paid in by members shall be invested as provided in this
11 act. The amount deducted from the state school fund

12 shall not exceed the sum of thirty-five thousand dollars for
13 any one year.

Sect. 9. Contributions. How credited. The contribu-
2 tions made by the members of the retirement association
3 to the annuity fund hereinbefore created, shall be credited
4 as made to such members severally in individual accounts
5 up to the time of retirement, and at the same time each
6 member so contributing shall be credited individually with
7 a like amount as the contribution of the state. Contribut-
8 ing members shall also be credited with the interest earned
9 by their several contributions and by the equal contribu-
10 tions made by the state as aforesaid.

Sect. 10. Retirement. Any member of the retirement
2 association, who shall have served as a public school teacher
3 for a period of thirty years, of which twenty years, and
4 the last seven preceding retirement, shall have been in this
5 state, may retire from service in the public schools on or
6 after attaining the age of sixty years, if a woman, and of
7 sixty-five years, if a man, without forfeiting any of the
8 benefits of the retirement system; and at any time there-
9 after, if incapable of rendering satisfactory service, such
10 member may be so retired, with the approval of the retire-
11 ment board.

Sect. 11. Reinstatement of Member. Any member of
2 the retirement association, who shall have withdrawn from
3 service in the public schools of the state, shall, on being
4 re-employed therein, be reinstated in the retirement associa-

5 tion upon such terms and conditions as shall be prescribed
6 by the retirement board.

Sect. 12. Retirement Allowances. Except as hereinafter
2 provided, a member of the retirement association, who shall
3 have retired from service in the public schools of the state,
4 and who shall have complied with all the provisions of this
5 act and with the rules and regulations of the retirement
6 board hereby authorized, shall be entitled to receive from
7 the annuity fund hereinbefore established, (1) such annuity
8 as his contributions to said fund, with interest thereon, to-
9 gether with the like contributions made thereto by the state,
10 and the interest thereon, will purchase on the basis of Mc-
11 Clintock's table of mortality among annuitants, and an in-
12 terest rate of three and a half per cent annum; or, (2) at
13 his option, he shall be entitled to receive an annuity of less
14 amount, as may be determined by the retirement board for
15 annuitants electing such option, with the provision that if
16 the annuitant dies before receiving payments equal to the
17 sum of his assessments hereunder and the contributions
18 equal thereto made by the state, as hereinbefore provided,
19 with interest, the difference between the total amount of
20 said payments and the total amount of such assessments
21 and contributions, with interest, shall be paid as an annuity
22 to a surviving husband, or wife, as the case may be, or to
23 his or her legal representatives as such member may elect,
24 subject to such reasonable rules and regulations as the re-
25 tirement board may prescribe.

Sect. 13. Teachers Already in Service. Any teacher already ready in the service of the state when this act takes effect and who becomes a member of the retirement association too late in service to pay, in regular order, at least thirty annual payments before reaching the age of sixty, may receive the full benefits of this act by payment of dues and accumulations in arrears under such provision as retirement board may prescribe. The total annuity hereunder shall not be less than four hundred dollars.

Sect. 14. Allowance in Case of Death or Disability. A member of the retirement association, who shall have been a teacher in the public schools of the state at least six years, and who shall become totally and permanently disabled to teach, as determined upon examination by physicians approved by the retirement board, shall receive an annuity based upon the accumulated sum of his contributions and the equal contributions of the state, with interest, calculated on the basis of McClintock's table of mortality among annuitants and three and a half per cent interest, with such additional annual allowance from the state as the retirement board, in the exercise of sound discretion, shall deem equitable, the same being limited by his earning capacity in other occupations, such additional allowance to be continued so long, and in such amount, as the retirement board may determine; provided, however, that in no event shall the total sum received annually by such member, under this section, including his annuity and the additional allowance

19 above provided for, exceed half of his average annual salary
20 throughout his entire period of service as determined by the
21 retirement board.

In the case of persons who receive assistance under this
2 section annual re-examination and reports by physicians in
3 receipt of disability shall be required and the allowance dis-
4 continued if the report shows ability to return to teaching.

If such retiring member should die before receiving in the
2 form of an annuity all of the accumulations up to the time
3 of his disability from his own and the state's annual contri-
4 butions on his account, the balance shall be paid to his or
5 her legal representatives, as he or she may elect, subject to
6 such rules and regulations as may be prescribed by the re-
7 tirement board.

Sect. 15. Allowance in Case of Resignation or Dismissal.

2 (1) Any member of the retirement association withdraw-
3 ing from service in the public schools of the state, by resig-
4 nation or dismissal, before becoming eligible to retirement
5 under the provisions of this act, shall be entitled to receive
6 from the annuity fund all amounts contributed thereto as
7 assessments together with such interest as has accrued
8 thereon.

(2) In case of the death of such member under the cir-
2 cumstances above set forth, the several amounts to which
3 he would be entitled, if living, shall be paid to a surviving
4 husband or wife, or to the legal representatives of such

5 deceased member, as may be elected, subject to the rules and
6 regulations of the retirement board.

(3) In the case of the death or withdrawal from service
2 of such member before the completion of six years of serv-
3 ice in the public schools of the state the contributions made
4 by the state on his account, as hereinbefore provided, shall
5 be placed in the reserve fund hereinafter established for the
6 general purposes of the retirement system.

(4) Contributions returned as above provided shall be
2 paid in lump sums or in installments as the member may
3 elect, subject, however, to such reasonable rules and regula-
4 tions as may be prescribed by the retirement board.

Sect. 16. Exemptions. That portion of the salary or
2 wages of a member deducted or to be deducted under this
3 act, the right of a member to an annuity or allowance here-
4 under, and all his rights in the funds of the retirement
5 system, shall be exempt from taxation, and from the opera-
6 tion of any laws relating to bankruptcy or insolvency, shall
7 not be attached or taken upon execution or other process
8 of any court. No assignment by a member of any part of
9 such funds to which he is or may be entitled, or of any right
10 to or interest in such funds, shall be valid.

Sect. 17. Administration of Funds. (1) All funds of
2 the retirement system shall be in the custody and charge of
3 the state treasurer, who shall invest and reinvest such funds
4 as are not required for current disbursements in accordance

5 with the laws of the state governing the investment of the
6 assets of savings institutions.

(2) The state treasurer shall make such payments to the
2 members of the retirement association from the annuity
3 fund as the retirement board shall order to be paid in accord-
4 ance with the provisions hereof.

(3) On or before the 1st day of August in each year, the
2 state treasurer shall file with the attorney general and with
3 the secretary of the retirement board a sworn statement ex-
4 hibiting the financial condition of the retirement system on
5 the thirtieth day of June in each year, and its financial trans-
6 actions for the year ending on such date. Such statements
7 shall be in the form prescribed by the retirement board, and
8 shall be published with the report of the state treasurer.

Sect. 18. Reserve Fund. A reserve fund is hereby cre-
2 ated, to consist of gifts and receipts from sources other than
3 those herein specified, returns to the state of its contributions
4 to the annuity funds as hereinbefore provided, and balances
5 that may accrue on account of interest, savings or otherwise,
6 which fund shall be maintained and used, in the discretion
7 of the retirement board, for unforeseen contingencies, ex-
8 penses of administration, or any other purpose within the
9 scope of the retirement system.

Sect. 19. Accrued Liabilities Fund. An accrued liabilities
2 fund is hereby created, to consist of the Maine state teach-
3 ers' retirement fund, of such part of the reserve fund as the
4 retirement board may from time to time transfer thereto,

5 and of such other funds as may be received by the retire-
6 ment board for the purposes contemplated in this section.
7 Provided, however, that said Maine teachers' retirement
8 fund shall not become part of the funds of the retirement
9 system as contemplated in this section except upon a vote
10 to that effect of the Maine state teachers' retirement fund
11 association, duly certified to the retirement board by the
12 president of said association. The accrued liabilities fund
13 shall be drawn upon from time to time by the retirement
14 board as needed to make up the contributions of the state
15 to the retiring and disability allowance provided hereunder.
16 Said funds shall be in all respects subject to the provisions
17 of this act, and to the rules and regulations of the retirement
18 board hereby authorized in respect to custody, investment,
19 audit and disbursement.

Sect. 20. Supervision of Retirement System. The retire-
2 ment board shall cause the system hereby established to be
3 thoroughly examined annually by the state auditor and once
4 in every three years, and oftener if deemed necessary, by a
5 competent actuary or actuaries, and may call in actuary in
6 consultation at any time; and such board is hereby em-
7 powered to change the scale of contributions required of
8 teachers, if deemed advisable as the result of actuarial
9 experience hereunder; but such changes shall not be effect-
10 ive as to teachers becoming members of the retirement asso-
11 ciation before the same shall have been made, unless as-
12 sented to by such members.

Sect. 21. The accounts of the retirement board and the
2 books and accounts of the state treasurer as custodian of the
3 funds of the retirement system, and the cash and securities
4 in his hands representing such funds, shall be examined and
5 audited annually at the time and in the manner prescribed
6 for the annual audit of the accounts of the trustees of the
7 permanent school fund and the accounts of the state treas-
8 urer in connection therewith.

Sect. 22. Changes in Rules and Regulations. The rules
2 and regulations hereby prescribed for the administration of
3 the retirement system hereby created, shall be subject to
4 change by the retirement board whenever deemed to be for
5 the best interests of the entire body of teachers in the service
6 of the state. But no changes affecting existing members of
7 the association shall be made without their approval. The
8 benefits of the retirement system shall be enjoyed by each
9 member of the retirement association so long as he meets
10 all the requirements of this act and complies with all the
11 rules and regulations of the retirement board.

Sect. 23. Persons who become members of the retirement
2 association too late in their service to pay in regular order
3 at least thirty annual payments before reaching sixty years,
4 may receive the full benefits of this act by payment of dues
5 in arrears under such provisions as the retirement board
6 may prescribe.