

MAINE STATE LEGISLATURE

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NINETY - SECOND LEGISLATURE

Legislative Document

No. 507

H. P. 819

House of Representatives, February 7, 1945.

Referred to the Committee on Judiciary, sent up for concurrence and ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Peirce of Augusta.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-FIVE

AN ACT Amending the Law Relating to State Employees' Retirement System to Include Public School Teachers.

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

Sec. 1. R. S., c. 60, § 1, sub-§§ I, IV, V, VII, XI, amended. Subsections I, IV, V, VII and XI of section 1 of chapter 60 of the revised statutes are hereby amended to read as follows:

'I. "Retirement system" shall mean the employees' and public school teachers' retirement system of the state, as defined in section 2.'

'IV. "Employee" shall mean any regular classified or unclassified officer or employee in a department, including teachers in the state normal schools and Madawaska training school, and superintendents of schools in service as such prior to July 1, 1924, but shall not include any member of the state legislature or the council, nor shall it include any member of the state police who is now entitled to retirement benefits under the provisions of sections 21 and 22 of chapter 13, or any judge of the superior court or supreme judicial court who is now or may be later entitled to retirement benefits under the provisions of section 5 of chapter 91 and section 3 of chapter 94. "Public school teacher" shall mean any teacher, principal, supervisor, school nurse, school secretary, or superintendent employed in any day school within the state; also teachers who teach in any school

which is supported at least $\frac{3}{5}$ by state or town appropriations. In all cases of doubt the board of trustees shall determine whether any person is an employee or public school teacher as defined in this chapter.'

'V. "Member" shall mean any employee or public school teacher included in the membership of the retirement system, as provided in section 3.'

'VII. "Service" shall mean service as an employee or public school teacher for which compensation is paid by the state or any subdivision thereof.'

'XI. "Earnable compensation" shall mean the full rate of compensation that would be payable to an employee or public school teacher if he worked the full normal working time for his position. In cases where compensation includes maintenance, the board of trustees shall fix the value of that part of the compensation not paid in money.'

Sec. 2. R. S., c. 60, § 2, amended. Section 2 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 2. Name and date of establishment. A retirement system, as heretofore established, shall be placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits under the provisions of this chapter for employees of this state and public school teachers. The retirement system so created shall be established as of July 1, 1942, which date shall be known as the "date of establishment" for the purposes of this chapter, except that for public school teachers the "date of establishment" shall be July 1, 1945. It shall have the powers and privileges of a corporation, and shall be known as the "Employees' and Public School Teachers' Retirement System of the State of Maine", and by such name all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received.'

Sec. 3. R. S., c. 60, § 3, sub-§§ I, II, III, V, VI, amended. Subsections I, II, III, V and VI of section 3 of chapter 60 of the revised statutes are hereby amended to read as follows:

'I. Any person who shall become an employee or public school teacher after the date of establishment shall become a member of the retirement system as a condition of employment and shall not be entitled to receive any pension or retirement allowance, under any other pension or retirement provisions supported wholly or in part by the state, anything to the contrary notwithstanding, except that any service rendered as a teacher,

superintendent, or supervisor prior to becoming a member of this system shall be considered as creditable service under the provisions of this chapter, and any funds which have accumulated to his benefit under any teachers' pension plan shall be transferred to this system; provided, however, that membership shall be optional in the case of any class of elected officials or any class of officials appointed for fixed terms.'

'**II.** Any person who is an employee or **public school teacher** on the date of establishment shall become a member as of that date, unless within 30 days thereafter he shall file with the board of trustees on a form prescribed by the board a notice of his election not to be included in the membership of the system and a duly executed waiver of all present and prospective benefits which would otherwise inure to him on account of his participation in the retirement system. Any employee or **public school teacher** who elects not to become a member by filing such a waiver may thereafter apply for and be admitted to membership, but no such employee or **public school teacher** shall receive prior service credit unless he becomes a member within the first year after the date of establishment.

A. Any person who was on the pay-roll as of December 31, 1941, and who was transferred to the federal employment service and any person employed by the employment service after December 31, 1941, and who subsequently may become a state employee when the so-called employment service shall be returned to the state of Maine as an operating unit, shall be considered a member of the retirement system; provided, however, that the employee designated in this paragraph shall have made payments to the state retirement fund in the same amounts and during the same periods as the other state employees have made to said fund, but the employee in the service of the federal employment service, so called, may be permitted to make up any amounts due to the retirement fund if this is done within 1 year of the date when the so called employment service is returned to the state of Maine, but any employee of the federal employment service who has not paid the contributions shall not be entitled to the benefits of this chapter. Any employee to whom the provisions of this chapter are applicable shall be entitled to all the rights and benefits which he would have accrued had he been employed by this state.'

'**III.** Any person, who becomes a member prior to July 1, 1943 and any **public school teacher who becomes a member prior to July 1, 1946** and who has total prior service credit of at least 13 years, shall be entitled to a total retirement allowance of $\frac{1}{2}$ average final compensation after attaining at least age 65, provided he is still a member and has creditable service of

at least 25 years on date of retirement; provided further, that any such member upon attaining age 70, and having creditable service of at least 20 years, shall be entitled to a total retirement allowance of $\frac{1}{2}$ average final compensation. If any such member should become eligible under the provisions of this system, as a result of prior service and membership service, to a retirement allowance in excess of $\frac{1}{2}$ of his average final compensation, he shall be entitled to the higher retirement allowance.

Any person, who becomes a member prior to July 1, 1943 **and any public school teacher who becomes a member prior to July 1, 1946** and who has total prior service credit of at least 22 years, shall be entitled to a total retirement allowance of $\frac{1}{2}$ average final compensation, provided he is still a member and has creditable service of at least 25 years on retirement. If any such member should become eligible under the provisions of this system, as a result of prior service and membership service, to a retirement allowance in excess of $\frac{1}{2}$ of his average final compensation, he shall be entitled to the higher retirement allowance. Any employee may, if he so elects, pay into the retirement system any or all back contributions covering any or all of the period from July 1, 1942 to July 1, 1943, **and any public school teacher may do the same for the period July 1, 1945 to July 1, 1946**, and receive therefor the proper membership credit for the period for which such back contributions are made.'

'V. It shall be the duty of the head of each department to submit to the board of trustees a statement showing the name, title, compensation, duties, date of birth, and length of service of each member and such information regarding other employees in his department as the board may require. **And the superintendent of each school union shall have a similar duty in regard to all public school teachers in his union.'**

'VI. Should any member in any period of 5 consecutive years after last becoming a member be absent from service more than 3 years, or should he withdraw his contributions, or should he become a beneficiary as the result of his own retirement, or die, he shall thereupon cease to be a member; provided, however, that the membership of any employee **or public school teacher** entering such classes of military or naval service of the United States as may be approved by resolution of the board of trustees, shall be continued during such military or naval service if he does not withdraw his contributions, and provided further, that any member, who enlists in or is inducted or drafted into the service of the armed forces of the United States, shall be considered as an employee **or public school teacher** under the provisions of this chapter and shall have all the benefits of section 23 of chapter 59, and the state shall contribute to the annuity savings

fund such amounts as the member would have been required to contribute if he had been serving the state during his service in the said armed forces in the same capacity as that in which he was serving at the time he joined the service; provided, however, that any member, whose contributions to the annuity fund are paid by the state under the provisions of this section, who withdraws from or ceases to be a member of the retirement system, may not withdraw any of the contributions made by the state under this subsection.'

Sec. 4. R. S., c. 60, § 4, sub-§§ II, VI, amended. Subsections II and VI of section 4 of chapter 60 of the revised statutes are hereby amended to read as follows:

'**II.** Under such rules and regulations as the board of trustees shall adopt, each employee **or public school teacher** in service on the date of establishment who becomes a member within 1 year after the date of establishment shall file a detailed statement of all service as an employee **or public school teacher** rendered by him prior to the date of establishment for which he claims credit. Provided further, that any person formerly employed by the state at any time during the period of 3 years prior to July 1, 1942 and who is reemployed by the state at any time prior to July 1, 1945 shall upon becoming a member, be allowed prior service credit. **Any person formerly employed as a public school teacher at any time during the period of 3 years prior to July 1, 1945 and who is reemployed as a public school teacher at any time prior to July 1, 1948, shall, upon becoming a member, be allowed prior service credit.'**

'**VI.** When membership ceases, a prior service certificate shall become void, and should the employee **or public school teacher** again become a member, he shall enter the system as a member not entitled to prior service credit.'

Sec. 5. R. S., c. 60, § 8, amended. Section 8 of chapter 60 of the revised statutes is hereby amended to read as follows:

'**Sec. 8. Return of members' contributions.** Should a member cease to be an employee **or public school teacher** except by death or by retirement under the provisions of this chapter, he shall be paid the amount of his contributions, together with such interest thereon, not less than $\frac{3}{4}$ of accumulated regular interest, as the board of trustees shall allow; or should a member die, such amount shall be paid to such person, if any, as he has nominated by written designation duly acknowledged and filed with the board, otherwise to his estate.'

Sec. 6. R. S., c. 60, § 11, sub-§§ I, IV, amended. Subsections I and IV of section 11 of chapter 60 of the revised statutes are hereby amended to read as follows:

I. The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of this chapter are vested in a board of ~~3 trustees~~ **5 trustees**. The board, as heretofore established, shall consist of the chairman of the state personnel board, the treasurer of state, and the state controller, ex officio, **the commissioner of education and a representative from the public school system, to be designated by the commissioner of education**; their terms of office as such board members to run concurrently with their terms in said state positions.'

IV. Each trustee shall be entitled to 1 vote in the board of trustees. ~~Two Three~~ **Three** trustees shall constitute a quorum for the transaction of any business. ~~Two Three~~ **Three** votes shall be necessary for any resolution or action by the board of trustees at any meeting of the board.'

Sec. 7. R. S., c. 60, § 13, sub-§ I, ¶ A, amended. Paragraph A subsection I, of section 13 of chapter 60 of the revised statutes is hereby amended to read as follows:

A. The annuity savings fund shall be a fund in which shall be accumulated contributions deducted from the compensation of members to provide for their annuities. Upon the basis of such tables as the board of trustees shall adopt and regular interest, the actuary shall determine for each member the proportion of earnable compensation which, when deducted from each payment of his prospective compensation earnable prior to his attainment of age 65 and accumulated at regular interest until his attainment of said age, shall be computed to provide at that time an annuity equal to the pension to which he will be entitled at that age on account of his service as a member. Such proportion of compensation shall be computed to remain constant. The proportion so computed for a member age 64 shall be applied to a member who has attained a greater age before becoming a member of the retirement system. The board of trustees shall certify to the head of each department, and the head of each department shall cause to be deducted from the compensation of each ~~member~~ **employee** on each and every pay-roll of such department for each and every pay-roll period, the proportion of earnable compensation of each ~~member~~ **employee** so computed. The head of any department shall not have any deduction made for annuity purposes from the compensation of a

~~member employee~~ who elects not to contribute if he has attained age 65 and has completed 35 years of service. In determining the amount earnable by an ~~member employee~~ in a pay-roll period, the board of trustees may consider the annual rate of earnable compensation payable to such ~~member employee~~ on the 1st day of the pay-roll period as continuing throughout such pay-roll period, and it may omit deduction from compensation for any period less than a full pay-roll period if an employee was not a member on the 1st day of the pay-roll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as shall not exceed $1/10$ of 1% of the annual earnable compensation upon the basis of which such deduction is to be made. The head of each department shall certify to the board of trustees on each and every pay-roll, or in such other manner as the board may prescribe, the amounts deducted. Each of said amounts shall be deducted and when deducted shall be paid into the annuity savings fund, and shall be credited to the individual account of the member from whose compensation said deduction was made. In regard to public school teachers, the board of trustees shall certify to each superintendent of schools and each superintendent of schools shall cause to be deducted from the compensation of each public school teacher on each and every pay-roll of all of the public schools for each and every pay-roll period, a proportion of earnable compensation of each public school teacher so computed. The amount of said deductions shall be certified by the superintendent of schools and approved by the governing board to the treasurer of the town and also to the commissioner. The treasurer of the town shall forward in not exceeding 2 payments to the treasurer of state on or before June 30th following, the total of the amounts so deducted. Each of said amounts shall be deducted, and when deducted and forwarded to the state, they shall be paid into the annuity savings fund, and shall be credited to the individual account of the member from whose compensation said deduction was made.'

Sec. 8. R. S., c. 60, § 14, amended. Section 14 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 14. Benefits to employees retired prior to date of establishment of this retirement system. All pensions payable to former employees retired under the provisions of sections 227 to 233, inclusive, of chapter I of the public laws of 1933 as they existed immediately prior to July 1, 1942, and all pensions payable to former public school teachers retired or to be retired under the provisions of sections 212 to 220, inclusive, of chap-

ter 37 of the revised statutes as they existed immediately prior to July 1, 1945 shall be continued and paid hereafter from the pension accumulation fund at the full amounts stipulated under said sections prior to such effective date. The residue of any appropriation made for the payment of such pensions shall be transferred and credited to the pension accumulation fund. Any additional amounts required to continue such pensions shall be provided by an increase in the accrued liability contribution otherwise payable to the pension accumulation fund.

Sec. 9. R. S., c. 60, § 20, additional. Chapter 60 of the revised statutes is hereby amended by adding thereto a new section to be numbered 20, to read as follows :

'Sec. 20. Merger with teachers' retirement system. Thirty days after the date of establishment for public school teachers, the teachers' retirement system as established in sections 221 to 241, inclusive, of chapter 37 of the revised statutes, shall merge into the state employees' and public school teachers' retirement system and all funds in the teachers' retirement system shall be transferred to the appropriate fund of the state employees' and public school teachers' retirement system, except that teachers who elect not to be included in the membership of the state employees' and public school teachers' retirement system, as provided in section 3, may be entitled to withdraw from the annuity fund of the teachers' retirement system all amounts contributed thereto as assessments together with such interest as has accrued thereon.'