

MAINE STATE LEGISLATURE

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STATE OF MAINE
ONE HUNDRED AND THIRTEENTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE ON
AGING, RETIREMENT & VETERANS
BILL SUMMARY



JUNE 1987

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JOINT STANDING COMMITTEE
BILL SUMMARIES
JUNE 1987

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number under each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor if it is a floor amendment or the designation "COMMITTEE" if it is a committee amendment.

Final action for each bill is listed to the right of the title. If final House action and Senate action differ, both are listed.

Please let us know if you would prefer a different format or additional information and if the summaries are helpful.

Key to Committee Reports and Floor Action:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-A	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

Sponsor: PRAY, Michaud,
Committee Report: New Draft of LD 1576
Amendments Adopted:
S-184 BERUBE
S-220 CLARK N

SUMMARY: Present statute offsets disability payments from social security and workers compensation against disability benefits under Maine State Retirement if the combined payments would exceed 80% of average final compensation. It allows inflation increases only for Maine State Retirement and uses inflation increases under social security or workers compensation as part of the offset. The philosophy behind the offset and 80% limit is that there should be an economic incentive for disabled individuals to return to work. The original bill would have eliminated the offset entirely under the theory that retirement pensions are not offset by social security.

The new draft would have excluded the inflationary increases from social security and workers compensation from the offset provisions. This would have allowed recipients to keep both the inflation increases calculated on their social security or workers compensation and their increase under Maine State Retirement. Since the inflation factor on the Maine State Retirement disability pension has in the past been computed on the total 2/3 of average final compensation, and not just the amount of the difference between social security or workers compensation and 80% of average final compensation, the amendment would have resulted in a double inflation increase for recipients. The large fiscal note on the amendment reflects this double calculation.

The senate amendment (S-184) makes it clear that the initial division of benefit coverage between Maine State Retirement benefits and social security or workers compensation benefits would define the respective shares of each program. Subsequent inflation increases would be computed only on these initial shares. The fiscal note indicates that this would have only a minimal impact on the State's contributions to the Maine State Retirement System. At the same time, it would allow recipients to retain the benefit from inflation increases calculated on social security or workers compensation.

The House Amendment (H-335) amends the House Amendment to LD 1703 making effective for those retiring after January 1, 1987.

Senate amendment A to Senate Amendment A (S-220) excludes beneficiaries whose disability retirement benefit is computed as the actuarial equivalent of their contributions from having their cost of living increase reduced.