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An Act To Make Actuarially Fair Adjustments in Retirement Benefits for Older Employees

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

Sec. 1. 5 MRSA §17851, sub-§1-B, as amended by PL 1999, c. 756, §10, is further amended to read:

1-B. Member in service at retirement; 10 years of creditable service on July 1, 1993. A member who on July 1, 1993, had 10 years of creditable service and who is in service at retirement, or a member who on July 1, 1993 had reached ~~60 years of the age requirement under subsection 16, paragraph A~~ and had been in service for a minimum of one year immediately before July 1, 1993 and has been in service for a minimum of one year immediately before retirement, qualifies for a service retirement benefit if the member retires upon or after reaching ~~60 years of the age requirement under subsection 16, paragraph A~~. For the purpose of determining completion of the 10-year requirement, the 10 years of creditable service may include creditable service as a member of the Maine Legislative Retirement System under Title 3, section 701, subsection 8.

A. Effective October 1, 1999, the creditable service and age requirements of this subsection may not be increased for a member who on or before October 1, 1999 met either of the requirements for eligibility for service retirement benefits under this subsection, whether or not the member is in service on October 1, 1999.

B. For the purpose of calculating creditable service under this subsection only, creditable service includes time during which a member participated in the voluntary cost savings plan or the voluntary employee incentive program, authorized by Public Law 1989, chapter 702, Part F, section 6 and Public Law 1991, chapter 591, Part BB and chapter 780, Part VV, or 10 years of combined creditable service under this Part and Title 3, chapter 29, or creditable service available to a member that the member was eligible to purchase on June 30, 1993 and that the member does purchase in accordance with rules adopted by the board.

Sec. 2. 5 MRSA §17851, sub-§1-C, as amended by PL 1999, c. 756, §11, is further amended to read:

1-C. Member in service at retirement; fewer than 10 years creditable service on July 1, 1993. A member who on July 1, 1993, had neither 10 years of creditable service nor had reached ~~60 years of the age requirement under subsection 16, paragraph A~~ with one year of creditable service immediately before July 1, 1993 who is in service at retirement, qualifies for a service retirement benefit if the member retires upon or after reaching ~~62 years of the age requirement under subsection 16, paragraph B~~ and:

A. Has been in service for a minimum of one year immediately before retirement or has at least 10 years of creditable service, which, for the purpose of determining completion of the 10-year requirement, may include creditable service as a member of the Maine Legislative Retirement System under Title 3, section 701, subsection 8; or

B. Effective October 1, 1999, is in service on October 1, 1999 and had fewer than 10 years of creditable service on July 1, 1993, including any person who was not in service on July 1, 1993, and:

(1) Is in service upon or after reaching ~~62 years of the age requirement under subsection 16, paragraph B;~~

(2) Has been in service for a minimum of one year immediately before retirement or has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Maine Legislative Retirement System under Title 3, section 701, subsection 8; and

(3) Meets the applicability requirements of subsection 3-A.

When a member has met either of the creditable service requirements set out in either paragraph A or paragraph B, subparagraph (2) for eligibility to receive a service retirement benefit under this subsection, the creditable service and age requirements of this subsection may not be increased for that member.

Sec. 3. 5 MRSA §17851, sub-§2-B, as amended by PL 1999, c. 756, §12, is further amended to read:

2-B. Member not in service at retirement; 10 years of creditable service on July 1, 1993. A member who on July 1, 1993 had 10 years of creditable service and who is not in service at retirement qualifies for a service retirement benefit upon or after reaching ~~60 years of the age requirement under subsection 16, paragraph A.~~ For the purpose of determining completion of the 10-year requirement, the 10 years of creditable service may include creditable service as a member of the Maine Legislative Retirement System under Title 3, section 701, subsection 8.

A. Effective October 1, 1999, the creditable service and age requirements of this subsection may not be increased for a member who on or before October 1, 1999 met the creditable service requirements for eligibility for service retirement benefits under this subsection, whether or not the member is in service on October 1, 1999.

B. For the purpose of calculating creditable service under this subsection only, creditable service includes time during which a member participated in the voluntary cost savings plan or the voluntary employee incentive program, authorized by Public Law 1989, chapter 702, Part F, section 6 and Public Law 1991, chapter 591, Part BB and chapter 780, Part VV, or 10 years of combined creditable

service under this Part and Title 3, chapter 29 or creditable service available to a member that the member was eligible to purchase on June 30, 1993 and that the member does purchase in accordance with rules adopted by the board.

Sec. 4. 5 MRSA §17851, sub-§2-C, as amended by PL 1999, c. 756, §13, is further amended to read:

2-C. Member not in service at retirement; fewer than 10 years creditable service on July 1, 1993. A member who on July 1, 1993, did not have 10 years of creditable service and who is not in service at retirement qualifies for a service retirement benefit if the member retires upon or after reaching ~~62 years of~~the age requirement under subsection 16, paragraph B and:

A. Has at least 10 years of creditable service, which, for the purpose of determining completion of the 10-year requirement, may include creditable service as a member of the Maine Legislative Retirement System under Title 3, section 701, subsection 8; or

B. Effective October 1, 1999, is in service on October 1, 1999, had left service prior to October 1, 1999 with or without withdrawing that member's contributions and on or after October 1, 1999 returns to service or is first in service on or after October 1, 1999 and:

(1) Has reached ~~62 years of~~the age requirement under subsection 16, paragraph B; and

(2) Has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Maine Legislative Retirement System under Title 3, section 701, subsection 8.

When a member has met the creditable service requirement set out in paragraph A or paragraph B, subparagraph (2) for eligibility to receive a service retirement benefit under this subsection, the creditable service and age requirements of this subsection may not be increased for that member.

Sec. 5. 5 MRSA §17851, sub-§16 is enacted to read:

16. Age requirement. The board annually shall update the age requirement based upon life expectancy as detailed by the federal Centers for Disease Control and Prevention, National Center for Health Statistics, for which the required age is determined by:

A. A remaining life expectancy of 22 years and 2 months; or

B. A remaining life expectancy of 20 years and 7 months.

Sec. 6. 5 MRSA §17858-C is enacted to read:

§ 17858-C. Service after retirement age

A member who continues to work after retirement age determined pursuant to section 17851, subsection 16 may receive upon retirement an additional benefit of 6% of the retirement benefit allowed under this chapter for every year of creditable service subsequent to the member's retirement.

SUMMARY

Sections 1 through 5 of the bill replace the current retirement system for state employees, which provides for normal retirement benefits beginning at age 60 or 62, with a system that indexes the age of eligibility to the number of years of remaining life expectancy. The reform is calibrated to retain the identical retirement age for those individuals retiring this year. For those currently eligible for retirement benefits at age 60, the indexed system would provide normal benefits at the age when there are 22 years and 2 months of remaining life expectancy. For those currently eligible for retirement benefits at age 62, the indexed system would provide normal benefits at the age when there are 20 years and 7 months of remaining life expectancy. These ages of eligibility would be revised annually, based on life expectancy statistics maintained by the National Center for Health Statistics.

Section 6 of the bill provides for a 6% increase in the retirement benefit amount for each year that an employee works after the normal retirement age. This adjustment prevents older workers from losing the actuarial value of their accumulated benefits if they continue to work beyond the normal retirement age.