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An Act To Restore Equity to the Maine State Retirement System

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

Sec. 1. 5 MRSA §17851-A, sub-§4, ¶A, as repealed and replaced by PL 2003, c. 510, Pt. D, §3 and as affected by §§6 and 7, is amended to read:

A. If all of the member's creditable service in any one or a combination of the capacities specified in subsection 1 was earned after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M; if service credit was purchased by repayment of an earlier refund of accumulated contributions for service in any one or a combination of the capacities specified in subsection 1 after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M; or if service credit was purchased by other than the repayment of an earlier refund and eligibility to make the purchase of the service credit, including, but not limited to, service credit for military service, was achieved after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M, the benefit must be computed as provided in section 17852, subsection 1, paragraph A.

(1) If the member had 10 years of creditable service on July 1, 1993, the benefit under subsection 2, paragraph B must be reduced as provided in section 17852, subsection 3, paragraphs A and B.

(2) If the member had fewer than 10 years of creditable service on July 1, 1993, the benefit under subsection 2, paragraph B must be reduced by ~~6%~~3% for each year that the member's age precedes 55 years of age.

Sec. 2. 5 MRSA §17851-A, sub-§4, ¶B, as repealed and replaced by PL 2003, c. 510, Pt. D, §4 and as affected by §§6 and 7, is amended to read:

B. Except as provided in paragraphs D and E, if some part of the member's creditable service in any one or a combination of the capacities specified in subsection 1 was earned before July 1, 1998 for employees identified in subsection 1, paragraphs A to H; before January 1, 2000 for employees

identified in subsection 1, paragraphs I to K; before January 1, 2002 for employees identified in subsection 1, paragraph L; and before July 1, 2002 for employees identified in subsection 1, paragraph M and some part of the member's creditable service in any one or a combination of the capacities specified in subsection 1 was earned after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M, then the member's service retirement benefit must be computed in segments and the amount of the member's service retirement benefit is the sum of the segments. The segments must be computed as follows:

(1) The segment or, if the member served in more than one of the capacities specified in subsection 1 and the benefits related to the capacities are not interchangeable under section 17856, segments that reflect creditable service earned before July 1, 1998 for employees identified in subsection 1, paragraphs A to H; before January 1, 2000 for employees identified in subsection 1, paragraphs I to K; before January 1, 2002 for employees identified in subsection 1, paragraph L; and before July 1, 2002 for employees identified in subsection 1, paragraph M or purchased by repayment of an earlier refund of accumulated contributions for service before July 1, 1998, for employees identified in subsection 1, paragraphs A to H; before January 1, 2000 for employees identified in subsection 1, paragraphs I to K; before January 1, 2002 for employees identified in subsection 1, paragraph L; and before July 1, 2002 for employees identified in subsection 1, paragraph M in a capacity or capacities specified in subsection 1 or purchased by other than the repayment of a refund and eligibility to make the purchase of the service credit, including, but not limited to, service credit for military service, was achieved before July 1, 1998 for employees identified in subsection 1, paragraphs A to H; before January 1, 2000 for employees identified in subsection 1, paragraphs I to K; before January 1, 2002 for employees identified in subsection 1, paragraph L; and before July 1, 2002 for employees identified in subsection 1, paragraph M, must be computed under section 17852, subsection 1, paragraph A. If the member is qualified under subsection 2, paragraph B and:

(a) Had 10 years of creditable service on July 1, 1993, the amount of the segment or segments must be reduced as provided in section 17852, subsection 3, paragraphs A and B; or

(b) Had fewer than 10 years of creditable service on July 1, 1993, the amount of the segment or segments must be reduced as provided in section 17852, subsection 3-A; and

(2) The segment that reflects creditable service earned after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees

identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M or purchased by repayment of an earlier refund of accumulated contributions for service after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M in any one or a combination of the capacities specified in subsection 1, or purchased by other than the repayment of a refund and eligibility to make the purchase of the service credit, including, but not limited to, service credit for military service, was achieved after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M must be computed under section 17852, subsection 1, paragraph A. If the member is qualified under subsection 2, paragraph B and:

(a) Had 10 years of creditable service on July 1, 1993, the segment amount must be reduced in the manner provided in section 17852, subsection 3, paragraphs A and B for each year that the member's age precedes 55 years of age; or

(b) Had fewer than 10 years of creditable service on July 1, 1993, the segment amount must be reduced by ~~6%~~3% for each year that the member's age precedes 55 years of age.

Sec. 3. 5 MRSA §17851-A, sub-§4, ¶E, as enacted by PL 2001, c. 409, §5, is amended to read:

E. The service retirement benefit of a member to whom subsection 1, paragraph L applies and who qualifies for service retirement benefits under subsection 2 must be computed under section 17852, subsection 1, paragraph A on the basis of all of the member's creditable service in the capacity specified in subsection 1, paragraph L, regardless of when that creditable service was earned, except that for a member qualifying under subsection 2, paragraph B:

(1) If the member had 10 years of service on July 1, 1993, the benefit must be reduced as provided in section 17852, subsection 3, paragraphs A and B for each year the member's age precedes 55 years of age; or

(2) If the member had fewer than 10 years of creditable service on July 1, 1993, the benefit must be reduced by ~~6%~~3% for each year that the member's age precedes 55 years of age.

Sec. 4. 5 MRSA §17852, sub-§3-A, ¶C, as enacted by PL 1999, c. 489, §17, is amended to read:

C. The benefit is reduced by ~~6%~~3% for each year that the member's age precedes 62 years of age; and

Sec. 5. 5 MRSA §17852, sub-§5-B, ¶B, as enacted by PL 1995, c. 624, §6, is amended to read:

B. For members who do not have 10 years of creditable service on July 1, 1993, the retirement benefit is determined in accordance with subsection 1, except that the benefit is reduced by ~~6%~~3% for each year that the person's age precedes 55 years of age.

Sec. 6. 5 MRSA §17852, sub-§6-B, ¶B, as reenacted by PL 2001, c. 559, Pt. RR, §11 and as affected by §17, is amended to read:

B. For members who do not have 10 years of creditable service on July 1, 1993, the retirement benefit is determined in accordance with subsection 1, except that the benefit is reduced by ~~6%~~3% for each year that the person's age precedes 55 years of age.

Sec. 7. 5 MRSA §17852, sub-§7-B, ¶B, as enacted by PL 1995, c. 624, §10, is amended to read:

B. For members who do not have 10 years of creditable service on July 1, 1993, the retirement benefit is determined in accordance with subsection 1, except that the benefit is reduced by ~~6%~~3% for each year that the person's age precedes 55 years of age.

Sec. 8. 5 MRSA §17852, sub-§10, ¶C-1, as repealed and replaced by PL 1993, c. 410, Pt. L, §41, is amended to read:

C-1. For persons qualifying under section 17851, subsection 11, paragraph B, and who retire before reaching the age of 55, the retirement benefit is determined in accordance with subsection 1, except that the benefit is reduced by ~~6%~~3% for each year that the member's age precedes age 55.

This paragraph applies to members who, on July 1, 1993, do not have 10 years of creditable service.

Sec. 9. 5 MRSA §17852, sub-§12, ¶B, as enacted by PL 1995, c. 624, §12, is amended to read:

B. For members who do not have 10 years of creditable service on July 1, 1993, the retirement benefit is determined in accordance with subsection 1, except that the benefit is reduced by ~~6%~~3% for each year that the person's age precedes 55 years of age.

Sec. 10. 5 MRSA §17852, sub-§14, ¶B, as enacted by PL 1997, c. 401, §3, is amended to read:

B. For members who do not have 10 years of creditable service on July 1, 1993, the retirement benefit is determined in accordance with subsection 1, except that the benefit is reduced by ~~6%~~3% for each year that the person's age precedes 55 years of age.

Sec. 11. 5 MRSA §17852, sub-§16, ¶B, as enacted by PL 1997, c. 401, §3, is amended to read:

B. For members who do not have 10 years of creditable service on July 1, 1993, the retirement benefit is determined in accordance with subsection 1, except that the benefit is reduced by ~~6%~~3% for each year that the person's age precedes 55 years of age.

Sec. 12. Members on service retirement. Members of the Maine State Retirement System on service retirement on the effective date of this Act who would receive an increased service retirement benefit if their benefit were calculated using the 3% reduction factor provided in this Act must receive such an increased benefit as of the first payment after the effective date of this Act and the past service liability must be purchased at such time by the State.

Sec. 13. Members who retire on or after the effective date of this Act. As members of the Maine State Retirement System retire on or after the effective date of this Act, their benefit based on service on or after the effective date of this Act and their benefit based on service prior to the effective date of this Act must be calculated using the 3% reduction factor specified in the Maine Revised Statutes, Title 5, sections 17851-A and 17852. The past service liability for such retiring members must be purchased by the State no later than the time of their retirement.

SUMMARY

The Maine State Retirement System currently contains 2 separate benefit structures based upon the status of participants on July 1, 1993. This bill addresses one of the major benefit reductions imposed upon employees with less than 10 years of service on July 1, 1993 by reducing the penalty for retiring earlier than 62 years of age from 6% per year to 3% per year.