

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill by striking out the title and substituting the following:

**'An Act To Restore Equity to the Maine  
Public Employees Retirement System'**

Amend the bill by inserting after the enacting clause and before section 1 the following:

**'Sec. 1. 3 MRSA §851, sub-§2-A,** as amended by PL 1999, c. 756, §3 and PL 2007, c. 58, §3, is further amended to read:

**2-A. Early retirement; less than 10 years creditable service on July 1, 1993.** Any member, whether or not in service at retirement, who on July 1, 1993 had less than 10 years of creditable service and who has completed at least 25 years of creditable service may retire any time before the member's 62nd birthday. Creditable service as a member of the Maine Public Employees Retirement System may be combined with creditable service as a member of the Maine Legislative Retirement System for the purpose of determining the completion of 25 years of creditable service. The retirement allowance is determined in accordance with section 852, except that it is reduced by ~~6%~~3% for each year that the member's age precedes age 62.

**Sec. 2. 4 MRSA §1351, sub-§3-A,** as amended by PL 1999, c. 756, §9, is further amended to read:

**3-A. Early retirement; less than 10 years creditable service on July 1, 1993.** Any member, whether or not in service at retirement, who on July 1, 1993 had less than 10 years of creditable service and who has completed at least 25 years of creditable service may retire any time before the member's 62nd birthday. The retirement allowance is determined in accordance with section 1352, except that the benefit is reduced by ~~6%~~3% for each year that the member's age precedes age 62.'

Amend the bill by striking out all of sections 12 and 13 (page 5, lines 3 to 15 in L.D.) and inserting the following:

**'Sec. 12. Members receiving service retirement benefits on effective date of Act.** Members of the state employee and teacher retirement system governed by the Maine Revised Statutes, Title 5, chapter 423, the legislative retirement system governed by Title 3, chapter 29 and the judicial retirement system governed by Title 4, chapter 27 receiving service retirement benefits on the effective date of this Act who would receive an increased service retirement benefit if their benefit had been calculated using the 3% reduction factor provided in this Act must receive such an increased benefit retroactive to their effective date of retirement.

**Sec. 13. Members who retire on or after the effective date of this Act.** As members of the state employee and teacher retirement system governed by the Maine Revised Statutes, Title 5, chapter 423, the legislative retirement system governed by Title 3, chapter 29 and the judicial retirement system governed by Title 4, chapter 27 retire on or after the effective date of this Act, their benefits based on service earned in the applicable system on or after the effective date of this Act and their benefits

based on service earned in the applicable system prior to the effective date of this Act must be calculated using the 3% reduction factor specified in Title 3, section 851; Title 4, section 1351; and Title 5, sections 17851-A and 17852.

**Sec. 14. Funding benefits under this Act.** This section provides funding for the benefits provided under this Act.

1. For purposes of this section, the following terms have the following meanings:

A. "Cost of this Act" means the total of:

- (1) All past service liabilities created by the benefits provided in this Act;
- (2) The normal cost payments for fiscal year 2008-09 associated with the benefits provided in this Act; and
- (3) The fiscal year 2008-09 unfunded liability supplemental payment.

B. "Fiscal year 2008-09 unfunded liability supplemental payment" means payment of an amount toward the unfunded liability that equals the first year's payment of a 20-year amortization of the amount of the fiscal year 2007-08 unfunded liability payment that is deferred in order to pay the cost of this Act.

C. "Unfunded liability" means the unfunded actuarial liability of the Maine Public Employees Retirement System attributable to state employees and teachers under the Constitution of Maine, Article IX, Section 18-B.

D. "Unfunded liability payment" means the amount appropriated or allocated by the Legislature for the Maine Public Employees Retirement System as the employer contribution amount paid toward the unfunded liability.

2. Notwithstanding Title 5, section 17160, the employer contribution amount paid toward the unfunded liability may be less for fiscal year 2007-08 than the amount paid for that purpose during fiscal year 2006-07, as long as the Board of Trustees of the Maine Public Employees Retirement System takes an action, consistent with sound actuarial practice, to reduce the required unfunded liability payment in fiscal year 2007-08.

A. If, on or before the effective date of this Act, the Board of Trustees of the Maine Public Employees Retirement System takes an action to reduce the required unfunded liability payment for fiscal year 2007-08 by an amount that leaves a balance sufficient to fund the cost of this Act, that balance is committed by this Act to fund the cost of this Act.

B. If, on or before the effective date of this Act, the Board of Trustees of the Maine Public Employees Retirement System does not take an action that reduces the required unfunded liability payment for fiscal year 2007-08 by an amount sufficient to fund the cost of this Act, the entire amount of the fiscal year 2007-08 unfunded liability payment must be applied toward the unfunded liability.

3. Notwithstanding subsection 2, the entire amount of the fiscal year 2007-08 unfunded liability payment:

A. Must be paid over to the Maine Public Employees Retirement System; and

B. Is deemed the employer contribution amount paid toward the unfunded liability for fiscal year 2007-08 for the sole purpose of calculating the required unfunded liability payment for fiscal year 2008-09 and thereafter pursuant to Title 5, section 17160.

4. Beginning in fiscal year 2009-10, the increase in the normal cost resulting from the benefits provided under this Act and any increase in unfunded liability payments resulting from the application of the 2007-08 unfunded liability payment to fund the cost of this Act must be appropriated or allocated by the Legislature from the General Fund or other appropriate funds in accordance with law.

**Sec. 15. Contingent effective date.** Since the Constitution of Maine, Article IX, Section 18-A requires the Maine Public Employees Retirement System to be funded annually on an actuarially sound basis and prohibits the creation of unfunded liabilities except those resulting from experience losses, sections 1 to 15 take effect only if the Board of Trustees of the Maine Public Employees Retirement System, pursuant to section 16, takes an action to reduce the required unfunded liability payment for fiscal year 2007-08. Within 10 days of the effective date of this Act, the Board of Trustees of the Maine Public Employees Retirement System shall notify the Secretary of the Senate, the Clerk of the House of Representatives and the Revisor of Statutes whether, pursuant to section 16, it took an action on or before the effective date of this Act to reduce the required unfunded liability payment for fiscal year 2007-08.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

## SUMMARY

This amendment does the following:

1. It reduces the early retirement reduction factor from 6% to 3% for members of the legislative retirement program and the judicial retirement program who are currently subject to the 6% reduction factor. This ensures consistency with the same reduction that is provided to members of the state employee and teacher retirement program under the bill;

2. It allows the Board of Trustees of the Maine Public Employees Retirement System to reduce the payment in fiscal year 2007-08 toward the unfunded actuarial liability of the state employee and teacher retirement program and, if such a reduction is made, to apply the balance of the amount appropriated for that purpose to fund the past service liabilities created by the benefits provided under the amended bill, the increase in normal cost in fiscal year 2008-09 associated with the benefits provided under the amended bill and any increased unfunded liability payments required in fiscal year 2008-09 resulting from the reduced unfunded liability contribution in fiscal year 2007-08; and

3. It provides that the substantive changes to the Maine Public Employees Retirement System accomplished by this legislation take effect only if the Board of Trustees of the Maine Public Employees Retirement System determine that the reduction in the required unfunded liability payment in fiscal year 2007-08 is consistent with sound actuarial practice.

**FISCAL NOTE REQUIRED**  
(See attached)