

January 27, 2026

Senator Michael Tipping, Senate Chair
Representative Amy Roeder, House Chair
Members, Joint Standing Committee on Labor
100 State House Station
Augusta, ME 04333-0100

Senator Margaret Rotundo, Senate Chair
Representative Drew Gattine, House Chair
Members, Joint Standing Committee on Appropriations and Financial Affairs
5 State House Station
Augusta, ME 04333-0005

Dear Senator Tipping, Representative Roeder, and Members of the Committee on Labor;
Senator Rotundo, Representative Gattine, and Members of the Committee on Appropriations
and Financial Affairs:

Please accept the Maine Public Employees Retirement System's (MainePERS) report prepared
in response to 5 M.R.S. § 17760(6), which requires MainePERS to submit information annually
to the Legislature regarding military service credit purchase requests received from certain
categories of members.

Under Maine law, eligible members may purchase military service credit toward increasing their
total service credit and thus increasing their overall retirement benefit. There are two methods
by which the cost to purchase military service credit is calculated. Under one method, the
member is required to pay only the member contributions related to the time being purchased.
The remainder of the cost, that is, the difference between the cost the member must pay and
the full actuarial cost of the additional service credit, is added to the liabilities of the plan. This is
commonly referred to as paying a "subsidized rate." Under the second method, the member
pays the full actuarial cost associated with the additional service credit. The purchase of military
service credit by a member under this alternative results in no costs to the plan.

In accordance with 5 M.R.S. § 17760(3)(A)(3), recipients of specific military awards and medals
may purchase military service credit to be used toward a retirement benefit at a subsidized cost
only if MainePERS has received an appropriation in the amount of the difference between the
actuarial cost of that member's military service credit and the subsidized amount that would be
paid by the member under 5 M.R.S. § 17713(2).

Title 5 M.R.S. § 17760(6)(A) requires MainePERS to report the following information annually to
the Legislature:

- (1) The amount, if any, in the account maintained for the purposes of this subsection;
- (2) The cost to subsidize the purchase of service credit under this subsection for
members who applied and were determined eligible in the calendar year immediately
preceding the report; and

(3) The cost to subsidize the purchase of service credit under this subsection for members who applied and were determined eligible in each of the calendar years before the immediately preceding calendar year for which full appropriations were not made.

The following chart provides information regarding requests and associated costs for members who have been found eligible to purchase military service credit, contingent upon the required appropriation, who have not yet made the purchase.

Calendar Year	Number of Requests	Subsidy Cost
2016	1	\$ 105,756.09
2018	1	\$ 48,508.83
2020	1	\$ 102,017.41
Total	3	\$ 256,282.33

Total Subsidy Cost	\$ 256,282.33
Beginning Account Balance	(\$ 30,541.30)
Remaining Subsidy Cost	\$ 225,741.03

The beginning account balance stated above includes funds previously appropriated for members determined to be eligible for this subsidy. Some of those members subsequently declined to purchase their military service credit or were found eligible to complete the purchase without the subsidy, and the funds have remained in the account.

The following chart provides information regarding the history of the funding of subsidized military service purchases under 5 M.R.S. § 17760(6).

Date	Amount Appropriated	Covered Members
FY 2009-10	\$ 55,600	2*
FY 2011-12	\$ 116,617	1
FY 2013-14	\$ 282,404	3
FY 2015-16	\$ 98,983	2*
FY 2016-17	\$ 262,893	3*
Total	\$ 816,497	11

*Some members for whom funds were appropriated did not complete the purchase or were found eligible to complete the purchase without the subsidy.

Please let us know if you have any questions about this report.

Sincerely,

Bill Brown
 Director, Actuarial and Legislative Affairs

cc: Dr. Rebecca M. Wyke, Chief Executive Officer
 Michael J. Colleran, Chief Operating Officer and General Counsel
 Jackie Cremos, Office of Fiscal and Program Review
 Lucia Nixon, Office of Fiscal and Program Review
 Steven Langlin, Office of Policy and Legal Analysis