

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

## **An Act To Provide Continued Protection of Benefits for Retirees of the Maine Public Employees Retirement System**

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

**Sec. 1. 4 MRSA §1358, sub-§1, ¶A**, as amended by PL 2009, c. 433, §1, is further amended to read:

A. Except as provided in paragraph A-1, the board shall automatically adjust allowances, beginning in September 1985, and each September thereafter, by any percentage ~~change~~increase in the Consumer Price Index from July 1st to June 30th, but only to a maximum annual increase ~~or decrease~~ of 4%. The board shall determine the cost of these adjustments and shall include them in its budget requests, if necessary.

**Sec. 2. 4 MRSA §1358, sub-§1, ¶A-1**, as enacted by PL 2009, c. 433, §2, is amended to read:

A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to June 30th, the board as ~~provided in paragraph A~~ shall set the percentage change at 0% for that September. The adjustment for the following year must be set based on the actuarially compounded Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price Index in the subsequent year or years is not sufficient to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must continue to be applied to following years until such time as the cost-neutrality requirement is met.

**Sec. 3. 5 MRSA §17806, sub-§1, ¶A**, as amended by PL 2009, c. 433, §3, is further amended to read:

A. Except as provided in paragraph A-1, whenever there is a percentage ~~change~~increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase ~~or decrease~~ in retirement benefits, beginning in September, up to a maximum annual increase ~~or decrease~~ of 4%.

**Sec. 4. 5 MRSA §17806, sub-§1, ¶A-1**, as enacted by PL 2009, c. 433, §4, is amended to read:

A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to June 30th, the board as ~~provided in paragraph A~~ shall set the percentage change at 0% for that September. The adjustment for the following year must be set based on the actuarially compounded Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price Index in the subsequent year or years is not sufficient to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must continue to be applied to following years until such time as the cost-neutrality requirement is met.

**Sec. 5. 5 MRSA §18407, sub-§4, ¶A**, as amended by PL 2009, c. 433, §5, is further amended to read:

A. Except as provided in paragraph A-1, whenever there is a percentage ~~change~~increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase ~~or decrease~~ in retirement benefits, beginning in September, up to a maximum annual increase ~~or decrease~~ of 4%.

**Sec. 6.5 MRSA §18407, sub-§4, ¶A-1**, as enacted by PL 2009, c. 433, §6, is amended to read:

A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to June 30th, the board ~~as provided in paragraph A~~ shall set the percentage change at 0% for that September. The adjustment for the following year must be set based on the actuarially compounded Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price Index in the subsequent year or years is not sufficient to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must continue to be applied to following years until such time as the cost-neutrality requirement is met.

## SUMMARY

This bill protects retirees of the Maine Public Employees Retirement System from the impact on retirement benefits of decreases in the Consumer Price Index. This bill requires that if the Consumer Price Index decreases for one or more years, adjustments in the subsequent year or years must result in cost-neutrality.