



# 131st MAINE LEGISLATURE

LD 185

LR 236(02)

## An Act to Reduce the Benefit Penalty Imposed on Career Educators Who Retire After 35 Years of Service

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Labor and Housing**

**Fiscal Note Required: Yes**

### Fiscal Note

Future biennium cost increase - Local school administrative units

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$12,234,707	\$0	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$12,234,707	\$0	\$0	\$0

#### Fiscal Detail and Notes

This bill includes a one-time General Fund appropriation of \$12,234,707 to the Teacher Retirement program within the Department of Education for the cost of the unfunded actuarial liability created by allowing all teachers with at least 35 years of service to retire with an early retirement reduction of 5% per year regardless of the normal retirement age of the plan in which they participate. Current law stipulates that members in the regular state employee and teacher retirement plan that did not have 10 year of creditable service on July 1, 1993 are subject to a 6% per year early retirement reduction.

This provision will also increase the normal cost component of the employer retirement rate beginning in the 2026-2027 biennium. The increase in the employer contribution rate for teachers under the state employee and teacher retirement program is estimated to be 0.2%.