



132nd MAINE LEGISLATURE

LD 1003

LR 1598(05)

An Act Establishing the Retirement Improvement Fund

Fiscal Note for Bill as Engrossed with:

C "A" (H-362)

S "A" (S-705) to C "A" (H-362)

Committee: Labor

Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$500	\$500	\$500

Fiscal Detail and Notes

Currently, cost-of-living increases for retired teachers, state employees, judges and legislators are applied to a portion of a retiree's benefit instead of the full amount. In 2024, the cost-of-living adjustment was applied to the first \$25,659 of a retiree's benefit. That amount will increase to \$26,429 for 2025. Increasing the portion of a retiree's benefit to which the cost-of-living increase is applied beyond this amount will create an unfunded actuarial liability that, pursuant to the Constitution, will need to be funded prior to the increase taking effect. The most recent cost estimate, prepared by the Maine Public Employees Retirement System in February 2023, of applying the cost-of-living adjustment to a retiree's full benefit amount is \$1,192,325,370.

This bill includes ongoing Other Special Revenue Funds base allocations of \$500 per year beginning in fiscal year 2026-27 to the Retirement Benefit Improvement Fund established within the Department of Administrative and Financial Services for the purpose of accumulating funds to pay for retirement benefit improvements for retired state employees and teachers and their beneficiaries such as increasing the base in which a retiree's cost-of-living adjustment is applied.