

**132nd MAINE LEGISLATURE****LD 1040****LR 36(02)****An Act to Raise the Cap on Retirement Benefits for Certain State Employees and Teachers to Which a Cost-of-living Adjustment Is Made****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Labor****Fiscal Note Required: Yes**

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**Fiscal Note**

	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>Projections FY 2027-28</b>	<b>Projections FY 2028-29</b>
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$118,240,000	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$118,240,000	\$0	\$0

**Fiscal Detail and Notes**

This legislation requires that, effective July 1, 2026, the cost-of-living adjustment applies to \$40,000 of the retirement benefit being paid to retired state employees and retired teachers who retired on or before June 30, 2011 or their beneficiaries instead of only to the first \$26,428.98 as required in current law. According to the Maine Public Employees Retirement System, this provision will create an unfunded actuarial liability (UAL) totaling \$118,240,000 that, pursuant to the Maine Constitution, will have to be funded immediately. This bill includes a one-time General Fund appropriation to the Retirement Allowance Fund within the Maine Public Employees Retirement System for that amount in fiscal year 2026-27 to pay for the UAL cost.