



HOUSE OF REPRESENTATIVES

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**Testimony
In support of**

LD 1499 An Act Regarding Penalties for Early Retirement for Certain Members of the Maine Public Employees Retirement System

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor and Housing, I am Representative Edward Polewarczyk from Wiscasset. I am here today to introduce **LD 1499, An Act Regarding Penalties for Early Retirement for Certain Members of the Maine Public Employees Retirement System.**

In 1974, I decided it was time to change jobs, eleven months passed before I found the right one. It was exciting, came with a good salary, excellent benefits and most of all a job on the Space Shuttle Program. I accepted the job with Rockwell International. The benefits were fantastic. Once vested, my retirement package would include fully paid Medical Insurance Benefits for my wife and I until death. Sometime later (10-15 years) Rockwell sold the Space Division to Boeing. Rockwell and Boeing employees had different benefits and all the Rockwell employees' benefits were grandfathered.

In the 90's I became vested and had over 20 years of service. Boeing suddenly decided that former Rockwell employees could either retire at that time with their retirement medical benefits or they would lose them. I was at least 10 years away from retirement and was placed in a position where I had no real choice but to lose a benefit that I had been promised for over 20 years. At the time, I saw this as a \$250,000 loss, worth much more today. From my point of view there is a contract between the employee and the employer. I understand that economic conditions will drive the employer to make changes. However, I believe the employer has an obligation to grandfather current employees.

Multiple changes have been made to the Maine Public Employees Retirement System since 1993. The normal retirement age has increased from 60 to 62 and then to 65. The early retirement reduction penalty has increased from 2.25% per year to 6% per year. Medical Insurance benefits have decreased. New hires are made aware of these current benefits when they begin employment.

One Hundred Eleven State employees and Teachers in the Maine Public Employees Retirement System, were put in a position where they had to decide to retire early with fully paid medical insurance benefits but with a significantly reduced retirement rate, a 6% reduction for each year of early retirement. These employees and teachers have devoted their lives to their professions. They did not want to leave and could not afford to stay. A difficult position to put anyone in.

This bill deals with the teachers and employees who were wronged when decisions were made attempting to fix a failing retirement system. The proper action would have been to grandfather these employees at the time

the changes were made. No wonder there are so many openings in the state agencies and in the education system.

This is an opportunity to undo an injustice done to former teachers and state employees.

I recommend that you vote Ought To Pass on LD1499.

Edward J. Polewarczyk
State Representative